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Investors Scramble to Catch Global Stock Rally

By Tom Redburn
 International Herald Tribune

Stock markets around the globe charged ahead again Wednesday, and Wall Street's Dow Jones industrial average pierced the 3,000 barrier before retreating to end virtually unchanged.

Even as skepticism about the staying power of the recent rally grew, investors poured money into shares as much out of a simple fear of missing the bus as out of any firm conviction that allied victory in the Gulf war promises better economic times just around the corner.

Markets made gains almost everywhere, but generally closed off their daily peaks.

In London, the stock market advanced sharply into second territory but then fell back somewhat in late trading. The FT-SE 100 index closed 39.8 points higher, at 2,549.9.

Since mid-January, the London index has risen a

stunning 20 percent as investors drew encouragement from the revival of the U.S. market and hopes for lower British interest rates.

"Everybody is following Wall Street's lead even though nothing has really changed," said Brendan Brown, chief economist for Mitsubishi Finance International in London. "I'm afraid the market is getting ahead of itself."

In Washington, the Federal Reserve chairman, Alan Greenspan, hinted that he might not continue to drive down U.S. interest rates because of signs that the recession in the United States was likely to end soon.

"On balance," he told the House Ways and Means Committee in his first public statement since the end of the war, "the scales appear to tip slightly in favor of suggesting that the current downturn might well prove milder than most of the recessions of the past 40 years."

Mr. Greenspan's comments, although carefully

hedged to provide him room to resume easing the central bank's credit reins if the economy fails to recover as expected, were more optimistic than those he delivered to Congress two weeks ago.

"Certainly, the successful end to the hostilities in the Gulf has removed a troublesome uncertainty and should provide some lift to consumer and business confidence," he said.

Although helping to buoy optimism that the U.S. economy will soon bottom out, Mr. Greenspan's hints on interest rates introduced a new sense of caution among investors, and profit-takers emerged on several bourses to trim gains. The bond market, which rises on expectations of bad economic tidings, fell back after Mr. Greenspan's testimony.

The worldwide advance Wednesday was sparked by the sharp 58-point rise Tuesday in the Dow Jones industrial on Wall Street.

The rally got underway first in Tokyo, where the

Nikkei index added 1.81 percent, before moving to Europe, where gains continued to be made in Frankfurt, Paris and London.

"People are asking what on earth is going on in New York," Harald Breitenbach of Dresdner Bank told Reuters. "Although there is potential in Germany in the longer term, I expect the market to consolidate. I do not feel too confident about these prices."

Analysts said the bull market took off early this year as investors began to search for an excuse to put to work the large quantities of cash they began accumulating after Iraq's invasion of Kuwait.

Wall Street, like many other stock exchanges, touched bottom in mid-October and then rallied strongly as the allied forces launched their air offensive against Iraq in mid-January, at the same time that the Federal Reserve moved aggressively to counter the

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Egypt and Syria To Lead Arab Peacekeeping Force in Gulf

Compiled by Our Staff From Despatches

DAMASCUS — Eight Arab nations in the U.S.-led alliance against Iraq agreed on Wednesday to form a peacekeeping force to maintain postwar security in the Gulf.

A statement issued after a two-day meeting in Damascus by the foreign ministers of Syria, Egypt and the six-nation Gulf Cooperation Council said the force would consist mainly of Syrian and Egyptian troops.

"The presence of Egyptian and Syrian forces on Saudi territories and other Arab countries in the Gulf represents a nucleus for an Arab peace force which would guarantee security and peace of the Arab countries in the Gulf region," the statement said.

The Gulf council states — Saudi Arabia, Kuwait, Oman, Qatar, Bahrain and the United Arab Emirates — have great oil wealth, but Iraq's invasion of Kuwait showed them to be militarily vulnerable. Egypt and Syria have more formidable military forces that have been built up to face their traditional enemy, Israel.

The statement said the new force would "constitute a model that would guarantee the integral Arab defense system."

Additional Egyptian and Syrian troops would replace American, British and other Western troops expected to withdraw from the Gulf once a formal cease-fire is signed with Iraq.

They would balance the two major military powers in the Gulf, Iran and Iraq. The presence of Syrian troops friendly to Iran should make the alliance easier for Tehran

to accept, diplomats in the region said.

The pact, which is to be ratified later by the governments of the eight Arab countries, also seeks the elimination of all weapons of mass destruction from the Middle East.

In the statement, the ministers stressed the need for increased Arab economic, security, cultural and political cooperation, as well as achieving a just and comprehensive solution to the Arab-Israeli conflict and the Palestinian problem.

The ministers said the postwar period provided "the best conditions to confront the other challenges and threats in the region, primarily the challenges resulting from the continuation of Israeli occupation of Arab territories and the settling of Jews there."

They appealed for an international peace conference for the Arab-Israeli conflict under United Nations sponsorship.

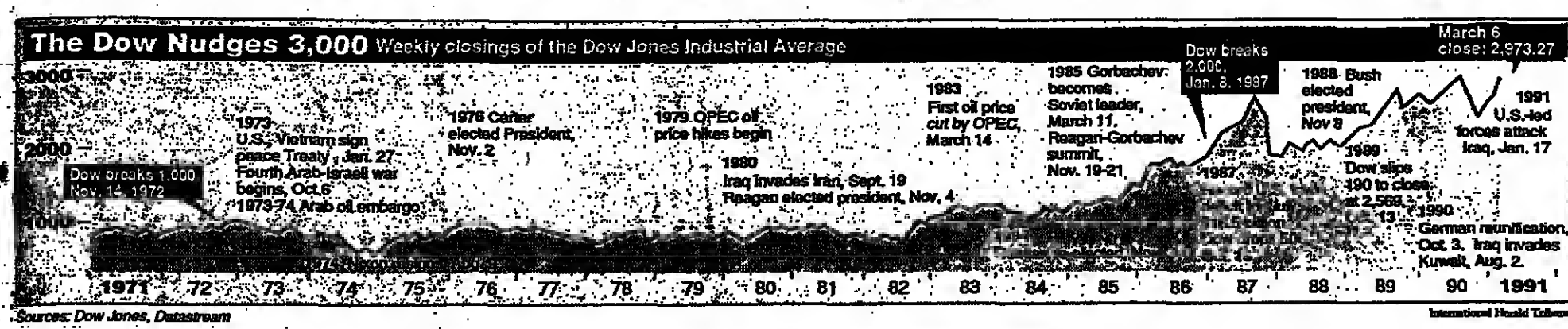
Significantly, the statement made no mention of the Palestine Liberation Organization as the sole representative of the Palestinians. The PLO angered Arab states in the allied coalition by siding with Iraq in the Gulf war.

The Gulf states are expected to shore up the cash-strapped economies of Syria and Egypt in exchange for the deployment.

The so-called Damascus Declaration, signed by the eight ministers, said a peace conference "is a suitable framework to end the Israeli occupation of Arab land and ensure the rights of the Palestinian people."

On economic cooperation, the

See ARABS, Page 4



Major Rhonda L. Cornum, arms in slings, and a POW concealing his identity as they and 33 others left Baghdad on Wednesday. Page 4.

Kurds Reported Set To Join Iraqi Revolt

By Jonathan Randal
 Washington Post Service

DAMASCUS — The commander of Kurdish guerrillas in Iraq was said Wednesday to have promised to commit thousands of his tough mountain troops in northern Iraq to overthrowing President Saddam Hussein.

The decision by Masoud Barzani, the Kurdish guerrilla chief, followed a claim here that an Iraqi division had surrendered to insurgent forces in northeastern Kurdistan.

There was no independent confirmation of the surrender claim made here by Jalal Talabani, who heads the Damascus office of the Iraqi Kurdistan Front.

He said Kurdish guerrillas had captured two generals, two brigades, five colonels and 28 other officers of the 24th Division, which he said surrendered Wednesday morning after a two-day fight in and around Chawakoma in north-east Kurdistan.

He gave the generals' names as Abdul Majid Abbas Whayyib and Salah Abdul Majid Khazayy. The Iraqis "had six divisions in Kurdistan," Mr. Talabani said. "We are one."

These reports coincided with accounts that the elite Republican Guards were reestablishing government control in Basra and other southern Iraqi cities.

U.S. military officials in Saudi Arabia said that although disturbances continued in several Iraqi cities, the pitched battles involving tank and artillery forces that were reported by U.S. intelligence earlier in the week subsided Wednesday.

"That's true of the other cities in southeastern Iraq right now," said a U.S. military official. "There appears to be more and more government control."

In contrast to Tuesday's fighting in Basra, when dissident Iraqi armor forces and loyalist Republican Guard tanks squared off, "we no longer have tanks pointed at each other," the official said.

There were disturbances, however, in An Najaf and the holy city of Karbala, where "we're seeing fires in buildings and crowds in the streets," with a Republican Guard unit moving toward the city, he added.

Most of the unrest in the past few days has been south of Baghdad, with "isolated instances" north of the Iraqi capital, according to Brigadier General Richard L. Neal of the U.S. Marines, who attributed the disturbances to the "chemistry" of routed Iraqi soldiers retreating from the battlefield and angry citizens fed up with "eight years plus 100 hours plus 40 days of war."

Mr. Barzani's decision to commit his forces was received in Damascus by radio from the guerrilla leader's mountain headquarters near the joint borders of Iran, Iraq and Turkey, Mr. Talabani said.

Acting under pressure by Syria on Damascus-based Iraqi opposition groups, Mr. Talabani signed a widely broadcast call on Monday asking for Iraqis to rise against the Baghdad government. Joining the appeal were Iraqi Islamic fundamentalists, communists and dissidents.

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Japan and a Malaysian Dream

Car Project Underlines Crucial Role in Southeast Asia

By David E. Sanger
 New York Times Service

KUALA LUMPUR — In the early 1980s, the prime minister of Malaysia set a goal that most developing nations would never attempt: to build a national car that would put Malaysians on the move and spur the industrialization of a country known mostly for its rubber plantations and tin mines.

No one in Malaysia had ever built a car before, and the project nearly died. Then, three years ago, the Malaysian managers were dismissed, and the country called in a team of Japanese led by a production engineer from Mitsubishi.

Today, Japan's mark is hard to miss. At rush hour each morning, swarms of identical models of Southeast Asia's first native car, the four-door compact Proton Saga, jam Kuala Lumpur's streets.

On the long road up to the Cameron Highlands it is not uncommon to see Protons, with their

signature Malaysian flag on the hood ornament, being inspected by ribeuses.

The Proton is a symbol not just of the speed with which countries like Malaysia are trying to replicate the industrial booms of South Korea, Taiwan and Singapore, but also of how Japan has gradually transformed itself into the single most important element in the region's economy.

Indeed, Japan's economic embrace of this region has gone virtually unchallenged. While American oil companies are active here and many American high-tech companies run assembly operations in Singapore and on Malaysia's west coast, most American companies that left the region during the Vietnam War never returned.

Japanese executives say they hope the lure of

See PROTON, Page 17

Daimler-Mitsubishi Divorce?

Meeting's Delay Hints at Serious Strains in Alliance

By Richard E. Smith
 International Herald Tribune

FRANKFURT — Daimler-Benz AG and Mitsubishi Corp. have postponed a key meeting this month, fortifying a growing market impression that the grand strategic alliance of the largest companies in Germany and Japan may be facing major obstacles.

Spokesmen for Daimler-Benz said Wednesday that a high-level March meeting with Mitsubishi in Venice had been put off weeks ago when the Gulf war was raging and there were concerns about security. Mitsubishi officials in Tokyo said, without elaborating, that the meeting had been delayed to re-evaluate the influence of the Gulf war on international cooperation.

But several analysts said talks so far had apparently produced too little to make another meeting worthwhile. The companies said that the high-level meeting would take place in the fall, and that mid-level sessions would continue in the meantime.

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"The whole thing may have been given prominence prematurely," said John Lawson, analyst with Nomura Research Institute in London. "A lot of Daimler-Benz watchers have not been expecting a lot and they have not been disappointed."

Daimler-Benz's chairman, Eberhard Reuter, said at the last top meeting in September in Tokyo that progress was more difficult than anticipated. He said then that "the effort expended in terms of getting to know each other has been greater than I had expected."

On Wednesday, Mr. Reuter also said in an interview published in Sweden that the company was considering cooperation with the Swedish company Saab-Scania AB. Some analysts say that difficulties with Mitsubishi may lead to more interest in partners closer to home.

Wednesday was the first anniversary of the announcement of the alliance, but so far the two

U.S. Says Libya Builds Bunker for Toxic Arms

By Jim Mann
 Los Angeles Times Service

WASHINGTON — Libya is building an underground complex for storing chemical weapons, according to U.S. officials.

In a series of recent interviews, U.S. officials and congressional sources said Colonel Moammar Gadhafi, the Libyan leader, was constructing tunnels, bunkers and other underground facilities, apparently in an attempt to safeguard chemical weapons from bomb or missile attacks. The construction work was disclosed last month in a German television report.

A Defense Department official said that there was "an effort" by Libya to protect chemical weapons "from what happened in Iraq."

A Libyan chemical factory at Rabta, which the United States and Germany assert is a poison gas plant, was reportedly destroyed by a fire last March. But U.S. officials have since said they think that the plant, which was built with the help of a German chemical company, Imhausen-Chemie, is still operating.

Libya has maintained that the Rabta complex was designed to produce pharmaceuticals, but German prosecutors said last year that the plant was built to make poison gas.

Last month, the official Libyan press agency JANA said the German television report about the new underground complex was "completely untrue."

The report by the television station ZDF said German companies were aiding in the underground project by providing laser technol-

ogy and sophisticated measuring instruments.

Asked about allegations that German companies may have worked in Libya on chemical-warfare plants, in addition to the Rabta factory, a spokesman for the German Embassy in Washington said:

"The federal government is aware that there are allegations against German companies. These allegations are being looked into and German officials are in close cooperation with their U.S. counterparts, who have the full picture and are exchanging information. So far, there are no concrete findings."

Although it is likely that Libya would seek foreign help for such a sophisticated project, U.S. government analysts said they had no confirmation of German involvement in the underground complex.

Throughout the Gulf war, U.S. analysts have said, Colonel Gadhafi tried to distance himself from President Saddam Hussein and sought to avoid provoking the United States.

"What he saw during the first two weeks of the war scared the bejesus out of him," a U.S. analyst said.

"He was trying his best to make Saddam Hussein see that the United States was not bluffing," the analyst added. "He honestly believed that when we're done with Iraq, the first will make a left turn at Libya and rid ourselves of another terrorist regime."

While maintaining a low-key public posture during the war, Libya has continued to develop its

See LIBYA, Page 4

UN Will Monitor Rights in Cuba

GENEVA (Reuters) — The United Nations, agreeing to a long-standing U.S. request, decided on Wednesday to appoint a special representative to monitor human rights in Cuba.

The UN Human Rights Commission agreed to a U.S. motion directing the UN secretary-general to appoint a representative, who should "maintain direct contact with the government and citizens of Cuba" and report back to the commission next year.

The United States had long pushed for close attention to what it said were systematic abuses of the rights of Cubans.

General News

Under pressure from Gandhi, Indian leader resigns. Page 2.

Sports

Marseille tied AC Milan, 1-1, in European soccer. Page 19.

Dow Jones	Dow Close
2,973.27	Up 0.75
2,973.27	Down 0.75
2,973.27	Net 0.00

Political Widowhood Takes Its Toll on Britain's Iron Lady

By Glean Frankel
 Washington Post Service

LONDON — She came to speak to a packed house of 250 cheering constituents. She wore the familiar royal blue outfit and the royal smile. It was a rare occasion but a classic performance, full of confidence and defiance. When she told them, "I'm still around," she made it sound like both a threat and a promise.

This has been the winter of Margaret Thatcher's discontent, 100 restless days of frustration, anger and grief for a throne she lost so suddenly it was as if she had been assassinated. Which she is beginning to suspect she was.

Ever since she was deposed as prime minister in November, friends say, the woman who dominated British political life for nearly 12 years has struggled to cope with her loss and to find a new role, something to fill the gaping hole at the center of her world. It has

been a slow, agonizing process, and the wounds are only now beginning to heal.

"It was terrible at first," says a friend who sees or speaks to her almost daily. "It was exactly like losing a very close relative. People tell you to forget about it, but you can't, because every minute you're reminded of it. She went from having challenges of vital importance in front of her each day to no challenges at all. It was very painful."

There have been many tears, friends say, many bitterweet conversations, much rumour and much indignation. The past is so painful that Mrs. Thatcher has made only three brief appearances in the House of Commons, where she still holds a seat. Being among the politicians there only feeds the sense that she was the victim not of her own political miscalculations and hubris, or of her long-reviled enemies, but rather of betrayal, of the perfidy of supposed friends.

"She was unhappy about the way she was dumped,

no doubt at all about that, and about some of the names that did it," says Sir Bernard Ingham, her former press secretary and one of her most faithful supporters.

The Gulf war has not helped. This should have been Margaret Thatcher's war, another triumph for her brand of iron-and-steel oratory and tactics. Instead, other leaders whose stature seems miniature compared with her own have walked off with the prize and the glory, while she sits brooding in silent exile.

This week, Mrs. Thatcher, who is 65, is seeking to put it all behind her. After her robust appearance Monday night before constituents in her North London parliamentary district, she is on her way to Washington, where she is to receive the Medal of Freedom from President George Bush at the White House.

Friday, there will be what aides have billed as a major speech to several conservative groups, an attempt to emerge from the shadows to outline her views

of the world after the Gulf war and her plans to help shape that world as head of a new nonprofit organization, the Margaret Thatcher Foundation. Then she is off for a wedding round of public lectures and guest appearances.

It is no surprise to many that she has chosen the United States over Britain as the venue for her re-emergence. Memories there are less tinged with bitterness, and the admiration of Americans has always been more open and less equivocal than the feelings of Britons. Friends say her trip to California last month for Ronald Reagan's 90th birthday celebration lifted her spirits and proved a milestone in her personal recovery.

There is also less danger there of conflicts with her chosen successor, John Major, the man who has stepped out from under her shadow to become a

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A Billion Chinese, and They Don't Even Have a Word for It

By Nicholas D. Kristof
New York Times Service

BEIJING — In a nation better known for prudishness than prurience, where fighting in public was considered more respectable than kissing in public, where people speak a language that has more words describing love than love, something remarkable is happening: Chinese are turning into romantics.

In the bookstalls throughout the cities, the hottest selling items are love stories; the most popular movies are romances or tear-jerkers; the best-selling music is about the tug of love, and the most popular television shows include a soap opera about tangled relationships and "personal advertisements" that are broadcast in major cities by men and women looking for the perfect companion.

Few people these days are talking about democracy. The paramount concern of many young people seems to be falling in love.

Dating is still prohibited in Chinese high schools, and frowned on in college, but the authorities are fighting a losing battle.

"All my students are reading these love stories," a university teacher grumbled the other day. "I go into their dorms and the textbooks are on the shelf while they're engrossed in the romances. I tell them that they must pay attention to their studies instead, but it's no use."

"Their lives are so wretchedly boring these days, with restrictions everywhere and politics now a taboo, that the only escape they have is love."

"By the sophomore or junior year, most have boyfriends or girlfriends," the teacher said. "But we look the other way so long as they don't flaunt it."

"And after all, we've always been a very closed society, but I think it's better in the West, where you're more open about such things. What's wrong with a little affection?"

It is hardly news, of course, that people are falling in love. But many Chinese like to emphasize that theirs is a bashful society, where people are reluctant to express emotions openly.

The overlay of austere Maoism on top of austere Confucianism was such that in the 1970s young men were known to insist that they judged women only on the basis of their class consciousness and that the concept of physical attractiveness had no meaning to them.

This modesty is arguably incorporated into the language. The expression "I love you" sounds foreign and formal in Chinese, and consequently is rarely used.

Indeed, there are Chinese intellectuals who actually use the English words for "love" and "kiss," even in their most intimate moments, because they feel less strange than their Chinese equivalents. Such people insist that Chinese is simply not a language for lovers.

In particular, Chinese seems on the surface to have a shortage of sweet nothings. Traditionally, Chinese has had no direct equivalents of "dear" or "sweetie" or "honey," although a rough approximation has been coined to translate such endearments from Western movies or novels.

"Ugh — pretty weird," a 12-year-old boy said the other day, while watching an American television program, dubbed into Chinese, in which a wife called her husband "Dear." "Do Americans really talk like that?"

While most Chinese would never say the expression "I love you," the most popular short stories are full of dialogues in which the leading characters say such things to each other.

The implausibility is accentuated because the government now favors literature set in the countryside, and in today's short stories it is often peasants who are said to be making these declarations of love.

"It's pretty unlikely, but people like to read such things anyway," a middle-aged Chinese woman said.

A Chinese writer now working on a romantic novel set in the countryside said: "The society is changing. People are getting much more casual about matters of love."

This casualness has already fostered a generation of young people who erupt in walking arm in arm down the street. And since many young lovers have no place to go for privacy, they drift to park benches each evening to grapple amorously, oblivious to the scandalized older people walking past.

The appeal of sentimental romance in China became apparent at the end of the 1970s, when cassette tapes of Teresa Teng, a Taiwan pop star, first created a stir throughout the mainland.

Then romantic songs, books and movies steadily gained currency, and in the last couple of years — since the political crackdown in 1989 — even universi-

ty students have retreated into a cocoon of love stories.

"It provides an ideal escape from reality," Geremie Barrow, a China scholar at Australian National University, said in a telephone interview, adding that the authorities were probably unhappy about the trend because of the way it threatened Communist values.

"People are carving out a space for their own emotions. It's very dangerous from the government's point of view."

Mr. Barrow said that although elite culture has generally been austere, there was a longstanding strain in popular culture that was highly romantic.

In particular, he said, the public has turned to gushy sentimentality during times when the political order is decaying, like the early part of this century, when warlords reigned and the economy stagnated.

Much of the deluge in romanticism in recent years has come from Taiwan, but Taiwan itself seems to have largely passed through this stage.

"On Taiwan, we've become more cynical, so we don't like these tears, these works so serious about love," said Antonio Chiang, a leading Taiwanese magazine publisher.

In explaining why they should be so taken by tales of love, when they themselves are often reserved about such matters, some Chinese say it is because of their shyness that they find such words so gripping.

"In Chinese, we don't say 'I love you' — not like in the West," said Su Rui, a Taiwanese star whose love songs are enormously popular throughout the Chinese-speaking world. "So when those words are sung, it really moves people."

Under Pressure From Gandhi, India Leader Quits

Thousands In Albania Flee To Italy Across Sea

By Sanjoy Hazarika
New York Times Service

NEW DELHI — Prime Minister Chandra Shekhar resigned Wednesday and recommended new national elections after his five-month-old minority government was shaken by repeated humiliations from the Congress (I) Party of former Prime Minister Rajiv Gandhi.

The Congress Party had supported Mr. Shekhar's government but became angered at police surveillance of Mr. Gandhi and led a walkout from Parliament on Tuesday.

A spokesman for President Ramaswamy Venkataraman said Wednesday that the president had accepted the resignation. He has asked Mr. Shekhar to continue in office until he makes a decision about a recommendation on new elections and Parliament's dissolution. Elections could be held as early as May.

The stage appears set, however, for a new general election that could be held as early as May. Opposition leaders pressed Mr. Venkataraman to accept Mr. Shekhar's resignation. Mr. Gandhi also said Wednesday night after an emergency meeting of party leaders that his party too, favored elections. "The Congress feels that in situations as this it is the people who must decide, we want to go for the election and come back stronger," he said.

Mr. Shekhar was the third minority government to fall in Indian parliamentary history.

If President Venkataraman accepts Mr. Shekhar's call for elections, it will be widely regarded as a move to curb the defections, intra-party fighting and political maneuvering that have toppled two governments and created a succession of political crises in India in the past 25 months.

In a move that startled his opposition critics and stunned even the Congress Party, Mr. Shekhar announced his resignation in the ruling lower house of Parliament. The legislature was partly emptied by a boycott over the surveillance issue.



Opponents of Chandra Shekhar trying to break through police barricades outside his official New Delhi residence before he resigned.

for the second day by the Congress Party and its allies after the government confirmed the police operation but said that it had not been authorized by New Delhi.

Two policemen involved in the surveillance were arrested Saturday outside Mr. Gandhi's home. Mr. Shekhar said that the operation was being conducted by the Haryana state government without the knowledge of New Delhi authorities. Mr. Shekhar vowed to investigate the incident.

A Shekhar aide said, however, that Mr. Gandhi described this as inadequate. The Congress Party leader demanded the dismissal of the state government, run by supporters of Mr. Shekhar.

Mr. Shekhar refused and asked Mr. Gandhi "to revise his view," said the aide. Petroleum Minister Satya Prakash Malviya. Mr. Gandhi, however, remained firm and

continued the boycott of the legislature without formally withdrawing the support of his 195 members from the government. Mr. Shekhar decided to resign rather than face continued accusations of being a puppet.

Mr. Gandhi also met the president as speculation grew that he might be asked again to serve as prime minister, although the Congress Party and its allies have only about 220 seats in the 542-member Lok Sabha, the lower house. That is well short of the majority needed. There was talk among members of Parliament of large defections from Mr. Shekhar's Janata Dal to the Congress Party to help bridge this gap.

Mr. Gandhi indicated that he was surprised by the sudden resignation, although relations between the Congress Party and Mr. Shekhar have deteriorated in the past

weeks, despite efforts to mend differences.

"It is unfortunate that the prime minister has taken such a decision," Mr. Gandhi said. "No one had voted him out."

There also were important differences in domestic and foreign policy issues between the Congress Party and Mr. Shekhar. The party was hostile to Mr. Shekhar's denunciation of Iraq for its invasion of Kuwait and wanted him to take a tougher anti-U.S. stance, which he refused.

"We have supported the liberation of Kuwait and we have received support from across the country and the world for our stand," he said Wednesday.

The prime minister's resignation has also set up a constitutional crisis because the government has proposed a budget that must be passed by March 31. Failure to do so means that the government will

be unable to draw funds to conduct the administration of India.

Both opposition groups and the Congress Party said later that they would cooperate to pass a vote on the interim budget.

In the meantime, President Venkataraman began consulting legal and constitutional experts on the crisis. "This process should not take long," an aide to Mr. Venkataraman said. "A decision could come as early as tomorrow."

The opposition, including Communist parties, the rightist Bharatiya Janata Party and the centrist Janata Dal of former Prime Minister Vishwanath Prasad Singh also met Mr. Venkataraman and demanded new elections. The president was widely criticized last November for his decision to ask Mr. Shekhar to form the present government because Mr. Shekhar had only 62 seats in the lower house.

Witness Testifies That Winnie Mandela Beat Him

By David B. Ottaway
Washington Post Service

JOHANNESBURG — A leading prosecution witness in the trial of Winnie Mandela changed his mind under threat of imprisonment and testified Wednesday that he and three other youths were punched and whipped repeatedly by Mrs. Mandela after being forcibly taken from a church parsonage in Soweto.

Kenneth Kgase, 31, the reluctant witness, said Mrs. Mandela presided over a kind of "people's court" in a room of her Soweto home the night of Dec. 29, 1988.

It was Mrs. Mandela who had led their interrogation, Mr. Kgase said, and it was she who began a prolonged beating of all four that

night by punching their faces and then hitting them with a leather shambok, or whip, after being told they were "not fit to be alive."

Three of the youths were accused of having a homosexual relationship with a Methodist Church pastor, the Reverend Verrya, and the fourth, Stompie Moeketsi, of being a police informer.

After all four denied the allegations, Mrs. Mandela grabbed Mr. Kgase by the hair. Mr. Kgase said that she "punched me on the left eye with her fist, and then she punched me again."

Later, after dancing and humming a tune, he said, Mrs. Mandela came back to him and "I was struck with a shambok."

Mr. Kgase then alleged that Mrs.

Mandela struck him with the whip "a lot of times" and that he fell to the ground as she pressed him to answer questions about whether he was having "a sleeping relationship" with Reverend Verrya and why he was "protecting Paul."

"She asked me, why do I make friends with white people and said I should be the one protecting the boys," Mr. Kgase said.

He added that Mrs. Mandela and several of her bodyguards used fists, whips and their feet to beat, kick and lash himself, Barand Thabiso Mono, Gabriel Peto Mekgwe and Stompie Moeketsi.

"I was bleeding," he said. "There was a lot of blood."

Mr. Kgase's decision to testify,

after his earlier refusal, saved the prosecution's case against Mrs. Mandela from almost certain collapse. Both he and Mr. Mono refused in early February to give testimony after Mr. Mekgwe disappeared.

The testimony of the three youths forms the basis of the prosecution's case against Mrs. Mandela. The chief state prosecutor, Jan Swanepoel, indicated shortly after the trial started on Feb. 4 that without the testimony, there was little chance of getting a conviction.

Mrs. Mandela and three others were charged with kidnapping and assaulting Mr. Kgase and the three youths, one of whom, Stompie Moeketsi, subsequently was

stabbed to death after "confessing" that he had "sold out" four activists to the police.

The three youths said they were too afraid for their lives to provide the court with the same testimony they gave last May that led to the conviction of a Mandela bodyguard, Jerry Richardson, for the murder of the 14-year-old Moeketsi youth.

Judge M.S. Stegmann told Mr. Kgase and Mr. Mono that they would be sent to jail for up to five years for refusing to testify. He had expected to pronounce the sentence on Wednesday when Mr. Swanepoel surprised the court by announcing that the two were ready to testify.

Lord Penney Dies, Helped Develop Atom Bomb

The Associated Press

LONDON — Lord Penney, 81, the creator of the British atomic bomb in the 1950s and an adviser on earlier U.S. atomic projects, died Sunday, his family said Wednesday. No cause of death was given.

William George Penney studied mathematics at London University's Imperial College, the University of Wisconsin and Cambridge University. In 1936, he became assistant professor of mathematics at Imperial College, where he turned to nuclear physics.

Soon after the start of World War II, he began working for the government on weapons research. He was put in charge of Britain's nuclear-test program and spent much of the 1950s working at the Atomic Weapons Research Establishment in Aldermaston in southern England.

Churchill chose him to organize Britain's first atomic weapons test, off Western Australia, in 1952, for which he was knighted. He was made a life peer in 1967.

In 1944, Lord Penney became principal scientific officer of the

British team at the atomic bomb development project at Los Alamos, New Mexico. He helped assemble the first atomic bomb to be used in wartime, which was dropped on Hiroshima on Aug. 6, 1945.

He admitted in later life to pangs of conscience about his part in the development of atomic weaponry.

Poland Targets Anti-Semitism

WARSAW — At the urging of President Lech Walesa, Poland is forming a council to fight anti-Semitism.

Arkadiusz Rybicki, who is in charge of organizing the council, said its 20 members would prepare educational programs for Polish youth and explain to the world "the difficult matters of Polish-Jewish relations."

The council was the result of a promise made by Mr. Walesa during the presidential campaign, when he "saw cases of anti-Semitism," Mr. Rybicki said.

But he said he was convinced Britain had to have them, and contended that the doctrine of mutually assured destruction would make major wars impossible.

Other deaths: William C. Liebke Jr., 66, who co-founded Pennzoil Co. and helped turn it into one of the largest U.S. oil companies, of cancer Friday in Houston.

Lord Reddesdale, 58, a vice president and director of corporate communications in Europe, Africa and the Middle East for Chase Manhattan Bank, of heart failure Sunday in London. He was born in 1912 in London.

Donald McDonald Irwin, 74, a retired correspondent for the Los Angeles Times, of cancer Monday in Washington.

Leon Tucher, 52, a former CBS news correspondent, of liver failure Saturday in Washington.

Dom Marinho da Costa Lopes, 72, vice general of the former Portuguese colony of East Timor, Wednesday in Lisbon.

Robert J. Wilbur, 53, a U.S. designer of integrated circuits, of a heart attack Wednesday in Puerto Vallarta, Mexico.

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Dutch Ask Germans On Abortion Checks

Reuters

THE HAGUE — The Netherlands has asked Germany to clarify reports that German border guards have forced women suspected of visiting the Netherlands for abortions to undergo gynecological examinations on their return home, the Dutch Justice Ministry said Wednesday.

Abortion is restricted in Germany's western states, and more than 6,000 German women a year visit Dutch clinics for abortions. But they run the risk of prosecution on their return home.

Dutch members of parliament asked Justice Minister Ernst Hirsch Ballin on Tuesday to look into the reports, saying compulsory examinations to determine whether women have had an abortion violated European Community regulations on freedom of movement.

The magazine Der Spiegel recently reported that German women were routinely stopped by border policemen and forced to undergo medical examinations if they were suspected of having had an abortion.

The German Interior Ministry has denied that there is a policy of testing women, but admitted that in two cases in the last five years border policemen had notified prosecutors after discovering that women had had abortions.

Der Spiegel said officials could order an examination by a government doctor if a woman said she had visited an abortion clinic in the Netherlands or gave no reason for her trip.

Dutch television interviewed a German doctor this week who said he had conducted such an examination on a woman against her will.

Mr. Ballin told the States-General that he knew of only four cases in recent years where German women had undergone medical examinations after an abortion in the Netherlands.

WORLD BRIEFS

Gorbachev Draft Union Treaty Gets Tentative Approval of 8 Republics

MOSCOW (AP) — Eight of the 15 Soviet republics have tentatively approved President Mikhail S. Gorbachev's proposed treaty to preserve the union, officials said Wednesday.

The Russian Republic, by far the largest and wealthiest, has tentatively endorsed the draft. But that does not resolve basic disputes between Mr. Gorbachev and Boris N. Yeltsin, the Russian Republic's president, on such issues as taxation and ownership of natural resources.

The draft was completed Friday and has been sent back to Mr. Gorbachev to resolve points under contention, which make up about 20 percent of the contents, said Eduard V. Kovalev, a spokesman for the national legislature. Mr. Gorbachev hopes to complete his review and publish the document before March 17, the date set for a national referendum billed as a vote on preserving the Soviet Union.

Six republics are refusing to take part in either the referendum or the drafting of the treaty, Mr. Kovalev said, and even those taking part in the talks do not have a clear idea of their legal meaning.

Soviet Police to Keep Party Presence

MOSCOW (AP) — The Supreme Soviet approved a new law on Wednesday under which the Communist Party will be allowed to retain its presence in police departments nationwide.

Depoliticizing the police, as well as the KGB security agency and the military, has been a top demand of advocates to change who say the country cannot build a democratic system unless the party is stripped of its influence over law enforcement bodies.

A year ago, the Communist Party formally renounced its constitutionally guaranteed claim to power, but it still is the only party allowed to have "political officers" in the military, KGB and the Interior Ministry. The ministry runs the *militsiya*, or police. Traditionally, senior police and military officers also had to be party members. The measure approved Wednesday was drafted last summer at the urging of the police, who said they needed more power to crack down on crime, the Tass press agency said.

Military in 8 of 35 Thai Cabinet Posts

BANGKOK (Reuters) — Thailand's caretaker prime minister, appointed by generals who ousted his predecessor Feb. 23, announced his 35 cabinet selections Wednesday, choosing military officers to control interior, defense and six other portfolios.

Anand Panyarachun, 58, returning from a royal audience in Chiang Mai, where he obtained approval for the appointments, said his cabinet would have to work within the limitations of a country still under martial law.

The Interior Ministry is to be headed by the deputy army chief, General Issanpong Nonsakul. A naval commander, Admiral Prapat Kriangsachan, becomes defense minister. Suthar Singhassaneh, finance minister in an earlier government, returns to the post, while Anand Sila, commerce minister under the deposed prime minister, Chatichai Choonhavan, stays on. Sittapongthana Ketudat, president of the party state-owned National Petrochemical Corporation, heads the Industry Ministry. A former diplomat, Arsa Sarasin, becomes foreign minister.

Moi Critic Is Denied Bail in Kenya

NAIROBI, Kenya (AP) — A human-rights lawyer and magazine editor who has been a critic of Kenya's single-party politics was denied bail Wednesday on charges of sedition and violation of publishing laws.

In ordering the detention of Gitobu Imanyara, editor of The Nairobi Law Monthly, the judge said he had considered the seriousness of the charges and the fact that Mr. Imanyara was already free on bail on a previous sedition charge.

Mr. Imanyara, 38, faces a maximum of 10 years in prison if convicted of sedition. He has repeatedly urged the government by allowing government critics and proponents of multiparty politics to use his magazine as a forum. In the February issue, Mr. Imanyara devoted 10 pages to an illegal opposition party's manifesto. The sedition charge arose from an editorial in that issue. The editorial implied that members of President Daniel arap Moi's tribe, the Kalenjin, are favored in the allocation of jobs in government departments and corporations.

Cracks May Delay U.S. Shuttle Flight

CAPE CANAVERAL, Florida (Reuters) — Cracks found in a third U.S. space shuttle may delay the April 4 launch of Atlantis, the only shuttle that had been free of such faults, NASA said Wednesday.

The shuttle's Discovery and Columbia are undergoing repairs for cracks in fuel-door hinges that forced a postponement in Discovery's next flight.

A spokeswoman said that the National Aeronautics and Space Administration had not yet decided whether to delay the scheduled launch of Atlantis. Cracks in the Atlantis's fuel-line hinges were smaller than those found last month in its sister craft.

For the Record

The exiled former Romanian president, Ion Iliescu, a critic of the Bucharest government, was beaten up by two masked men in his Geneva apartment, the police said Wednesday. Mr. Iliescu, 56, blamed the attack on members of the Securitate, the Romanian secret police under Communist rule.

The socialist Stunt party won elections in Greenland, holding off a conservative challenge. Danish public radio said Wednesday in Copenhagen. Stunt, the ruling party, kept the 11 seats it had in the outgoing Landsting, or parliament. The voting took place Tuesday night. (AP)

Three Irish Republican Army guerrillas were sentenced to five-year prison terms on Wednesday in Paris for their part in smuggling arms from Libya to Ireland. Gabriel Cleary, James Coll and James Doherty were arrested in 1987 on the freighter Eksund with a huge cargo of guns, rockets and explosives. They have been held in prison in Paris. (Reuters)

TRAVEL UPDATE

Leaving about five meters (16.5 feet) from perpendicular, the tower of Pisa could topple in 10 to 30 years, according to experts commissioned by the Italian government to save the 800-year-old structure. They recommended that a three-year restoration begin in June. It had earlier been estimated that the 55-meter tower, tilting at an average of 1.2 millimeters a year, would topple in 200 to 300 years. (Reuters)

Greece called in military trucks and tourist transport Wednesday as national bus employees began a three-day strike after weeks of daily stoppages. Workers are seeking higher pay and protesting plans to privatize the bus company. (AP)

WEATHER

EUROPE				ASIA				
	HIGH	LOW			HIGH	LOW		
Amsterdam	14	5	Paris	14	5	London	14	5
Berlin	14	5	Brussels	14	5	Frankfurt	14	5
Hamburg	14	5	Munich	14	5	Vienna	14	5
Zurich	14	5	Stockholm	14	5	Copenhagen	14	5
Oslo	14	5	Warsaw	14	5	Budapest	14	5
Prague	14	5	Bratislava	14	5	Sofia	14	5
Bucharest	14	5	Belgrade	14	5	Zagreb	14	5
Ljubljana	14	5	Belm	14	5	Yokohama	14	5
Manila	14	5	Seoul	14	5	Tokyo	14	5
Osaka	14	5	Singapore	14	5	Bangkok	14	5
Colombo	14	5	Calcutta	14	5	Delhi	14	5
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Chennai	14	5	Hyderabad	14	5	Patna	14	5
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AFTERMATH: Iraq gets a minister with a particularly violent history, and Israel gets its reward

Hussein Replaces Security Chief in Sign of Crackdown

By Alan Cowell
New York Times Service

AMMAN, Jordan — As President Saddam Hussein of Iraq replaced his security chief Wednesday, he signaled a crackdown on internal dissent, a move that could have serious implications for the Gulf war. The replacement of the security chief, a move that could have serious implications for the Gulf war, was a signal of a crackdown on internal dissent.

The decision, according to Arab diplomats here, could presage a harsh crackdown on internal dissent by units of the Republican Guard disgraced in the Gulf war and now seeking to redeem themselves in a more familiar conflict with Baghdad's internal foes.

The replacement of Interior Minister Samir Mohammed Abdul Wahab with Mr. Hussein's cousin, Ali Hassan Majid, was announced on Baghdad radio as an allied official in Saudi Arabia said Iraqi loyalists from the Republican Guard had apparently turned the tide of a revolt by Shiite Muslims in southern Iraq.

Kurdish rebels, however, claimed Wednesday to have occupied towns in northern Iraq. According to experts in Iraqi affairs, Mr. Majid has risen through the ranks of Iraq's complex and brutal intelligence and internal security services to become one of Mr. Hussein's closest aides.

While some of Mr. Hussein's exiled advisers interpreted the switch in ministers as a sign of the Iraqi leader's increasingly narrow dependence on loyalists bound by family ties — and thus committed to whatever destiny he faces — other analysts saw it as a show of strength.

"He wants to demonstrate to his enemies that he and his clan are absolutely in command," said Charles Tripp, a London-based scholar with close knowledge of Iraqi politics.

Dissent in southern and northern Iraq since the end of the Gulf war has become the most serious challenge to the Iraqi leader in his 12 years in power. Shiites who form about 55 percent of Iraq's population of 17 million, have risen up in the south and the country's Kurds

U.S. Agrees to Give Israel \$650 Million for War Expenses

By Thomas L. Friedman
New York Times Service

WASHINGTON — After a week of haggling, the Bush administration and Israel have agreed on an aid package that will give Israel \$650 million in cash to help cover its increased military and civil defense expenses during the war.

The assistance to Israel, at a time of severe budgetary constraints in Washington, grew out of pressures in Congress and from some sectors of the administration to reward the Israelis for not having retaliated to Iraqi Scud missile attacks.

The United States feared that such retaliation would widen the war and split the coalition against Baghdad.

The aid was approved in a voice vote by the House Appropriations Committee and is being included as

part of an emergency supplemental bill introduced by the administration to cover special government expenses not included in the Pentagon's war budget.

The aid agreement reached Tuesday emerged from a complicated series of negotiations involving Secretary of State James A. Baker 3d, Deputy Secretary of State Lawrence S. Eagleburger, Richard G. Darman, director of the Office of Management and Budget, Janet G. Mullins, assistant secretary of state for legislative affairs, the Israeli Embassy, and Thomas Dine, head of the American-Israel Public Affairs Committee, an Israel lobby.

On Feb. 22, the Israelis formally requested \$1 billion in aid to offset the costs associated with their heightened state of alert during the war. This was an emergency request above the \$3 billion in aid they receive annually from the United States.

The Israelis said they needed the extra money to help pay for the damage caused by the Scud attacks and to defray the costs of maintaining more aircraft on patrol, of buying gas masks for their population and of other security programs.

U.S. administration officials said Mr. Darman initially opposed giving the Israelis any more assistance now. He argued that the aid could open the door to emergency treatment of other special interest requests and could end up undermining the November budget-ceiling agreement between the administration and Congress.

Mr. Darman insisted that Israel not qualify to be included in the U.S. government's war spending measure under the strict rules for emergency treatment. If an exception were made, he said, there would be no end to such cases.

But Mr. Baker and Mr. Eagleburger argued that the Israelis had a legitimate case for emergency aid since such allies as Egypt and Turkey were being compensated for their wartime costs by Germany, Japan, Saudi Arabia and Kuwait.

On Saturday, Mr. Baker, in a meeting with the Israeli ambassador, Zelman Shoval, and later with Mr. Dine, offered to provide the Israelis with \$500 million in emergency assistance and to write off the costs of the four Patriot missile-defense batteries that the administration dispatched to Israel.

The Israelis turned down Mr. Baker's \$500 million proposal, making a counterproposal of \$750 million. On Tuesday the two sides finally compromised on \$650 million in cash — but no Patriots, which are valued at about \$100 million a battery. The question of Patriots was deferred.

Intifada Resumes, Palestinian Killed

General Strike Is Called in Territories And Soldiers' Fire Kills 18-Year-Old

New York Times Service

JERUSALEM — After six weeks of enforced calm, Palestinians on Wednesday renewed their agitation against Israeli occupation. A general strike was called in the West Bank and Gaza Strip, various riots erupted and an 18-year-old was shot to death by Israeli troops.

Palestinians said the youth was shot twice in the chest during a military raid in a West Bank village near Ramallah. The army said he was shot after soldiers were attacked with rocks by Arabs who ignored orders to disperse.

The stone-throwing, street demonstrations and clashes with soldiers that characterized the 39-month-old Arab uprising halted when the Gulf war began. That was partly because of a harsh military curfew on the 1.75 million Arabs in the occupied territories and partly because the Israeli Army warned that any upheaval would be dealt with as if it were an act of war.

But Palestinian leaders also cautioned against going too far. One leader from the underground leadership told Palestinians to be low because "we will need you later in the struggle."

That later stage seemed possibly to start Wednesday, when for the first time in six weeks Palestinians renewed a cycle of strikes.

The strike Wednesday was called by Islamic Jihad to commemorate an Oct. 6, 1987, Gaza firefight between its members and Israeli security forces. Before the war, Islamic Jihad called for a strike on the 6th of every month.

Palestinians had already been in-

formed that this weekend the monthly strike to mark the beginning of the *intifada*, on Dec. 9, 1987, will also resume. Another strike date is being added — on the 17th of each month — to observe the start of the Gulf war on Jan. 17.

Israeli analysts say that the resumption of strikes and demonstrations is an attempt by Palestinian factions to regain control of the territories since the army began easing its curfew.

Palestinians say they are afraid their position has been weakened by the waning *intifada* and by world anger over the enthusiastic support by Palestinians and the Palestine Liberation Organization for Saddam Hussein.

Possible Settler Increase
Israel plans to double the number of Jewish settlers in the occupied territories, Reuters reported an opposition member of parliament as saying Wednesday in Jerusalem.

The legislator, Charlie Biton, cited documents containing proposals for housing 88,000 new settlers in the West Bank. He said the matter would probably be raised in next week's visit to Israel by the U.S. secretary of state, James A. Baker 3d.

Iraq Tells Reporters to Leave
Reuters
NICOSIA — Iraq has ordered all foreign correspondents to leave Baghdad by 4 A.M. Friday, Reuters reported Wednesday. No official reason was given for the decision.



Mohammed Carsym standing in front of his ruined jewelry store in Kuwait City. Many stores in the capital have been destroyed.

Kuwaiti Minister Vows Free Elections

Compiled by Our Staff From Dispatches

KUWAIT CITY — The prime minister of Kuwait, Sheikh Saad al Abdullah al Salim al Sabah, promised Wednesday to hold democratic elections and said no reprisals would be taken against the country's large Palestinian community.

"I can't fix the date" for the elections, Sheikh Saad said at a press conference. "All I could say is when the situation inside Kuwait allows it, I shall not hesitate to start the public elections."

A number of local Palestinians have been accused of collaborating with Iraqi forces during the seven-month occupation, but the prime minister said most Palestinians tried to help the Kuwaitis.

Earlier this week, Sheikh Ahmed al Sabah, head of the main Kuwaiti resistance group, said at least 10,000 Palestinians and other foreigners would be expelled for collaborating with the Iraqis during the seven-month occupation.

Foreigners, including Palestinians, make up an estimated 60 percent of the nation's 1.7 million population.

"I want to put an end to the rumors in Kuwait and outside Kuwait that the security authorities will 'try to arrest the Palestinians' to punish the Palestinians," said Sheikh Saad.

"We never thought to do so," he said. "I think that most of the Palestinians did help the Kuwaitis during the Iraqi occupation, and we never thought to start a policy of trying to deport the Palestinians or arresting the Palestinians."

The prime minister also tried to smooth over the question of elections, a major issue before the Iraqi invasion on Aug. 2.

The country's ruler, Sheikh Jaber al Ahmed al Sabah, dissolved parliament in 1986 on grounds of national security problems caused by the Iraq-Iran war and local unrest. Elections were scheduled for next year, but never were held because of boycotts threatened by Kuwaiti political opposition forces, followed by Iraq's invasion.

But Sheikh Saad on Wednesday promised that elections would be held, and urged residents not to "believe rumors that the government is changing its mind."

"This is not true," he said. "We have promised the Kuwaiti people, and we keep our promises."

Asked when the emir will return, the crown prince said Kuwait's ruler would return "very soon" from Taif, Saudi Arabia, where he fled after the invasion. The prince himself came back Monday.

Planning Minister Sulaiman Mutawa said that Kuwaitis had to change their outlook before starting to rebuild their country.

"There has to be a change of attitude if we are to go ahead," Mr. Mutawa said. (AP, Reuters)

Sabah Foes Said to Be on Kuwait Hit List

By Caryle Murphy
Washington Post Service

KUWAIT CITY — The assassination attempt against a prominent opposition figure here last week and fresh allegations by a top Kuwaiti banker have raised fears among many Kuwaitis that rumors of a government "hit list" slaying out critics of the ruling Sabah family could be true.

The shooting, which occurred after Kuwait had been liberated, has increased tension between the opposition and the Sabahs, who dominated political life here before Iraq's invasion of Aug. 2.

It has also hardened the refusal of many young resistance fighters to turn in their arms to returning Kuwaiti policemen and soldiers.

The reports of a hit list surfaced about three months ago among members of the opposition, especially those active in the Kuwaiti resistance against Iraq's occupation. After a gunman shot Hamed Juwan, a former National Assembly member, last Thursday, they began to take such reports seriously.

"I heard such stories several months ago, but I didn't pay attention," a prominent resistance leader said. "But when Hamed was shot, I remembered them."

The first public airing of the allegations came Monday when Abdulhaziz Sultan, the president of Kuwait's Gulf Bank KSC, was interviewed on U.S. television. The banker said that "some members of the Sabah family are setting up some assassination tasks in Kuwait to assassinate some of the pro-democracy movement members."

Mr. Juwan, 41, who had been an aggressive critic of financial abuses by some members of the Sabah family several years ago, was shot when he opened his front door after someone called out his name.

In an interview hours after he was shot, Mr. Juwan said he did not know who was responsible for the attack. But Kuwaitis who share his demands for greater democracy and less corruption seem to have a hard-line faction of the Sabah family, which reportedly includes some cabinet ministers, was behind the assassination attempt.

(When he was asked Wednesday whether there was a political motive behind the assassination attempt, Mr. Juwan said, "It was not a personal attack," Agence France-Presse reported.)

"I believe the person behind it must be an enemy of Kuwait, someone trying to create a conflict between the opposition and the government, someone who does not want a new Kuwait," he said.

Sheikh Saad al Abdullah al Salim al Sabah, the crown prince and prime minister, has promised to revive the National Assembly, which was dissolved in 1986, and to restore constitutional rule. But most members of the opposition — a broad spectrum of businessmen, professionals and religious leaders — say they do not trust the Sabah family to keep this pledge. They cite Sheikh Saad's refusal to set a timetable.

Many Kuwaitis say that the crown prince, who returned from seven months of exile on Monday, was open to dialogue with the opposition but was being held back by a faction of the Sabah family that apparently sees the opposition's demand for greater democracy as a threat to its privileges and wealth.

Many opposition activists say they expect the U.S. government, after making a huge military commitment to liberate Kuwait, to insist on genuine political change.

News Offers Maxwell Millions to Take Paper

Compiled by Our Staff From Dispatches

NEW YORK — The owners of the Daily News have offered the British publisher Robert Maxwell \$50 million to take over the newspaper, but he would have to assume millions of dollars in costs to keep the paper running, sources close to the negotiations said Wednesday.

The Tribune Co. of Chicago, owners of the Daily News, said Tuesday that it had signed a letter of intent with Mr. Maxwell to sell the paper, which has been hit by a strike since Oct. 25. But Mr. Maxwell immediately told the unions that they would have to reach an agreement with him by Monday — a settlement that has eluded labor and management for 13 months.

Sources said that in return for accepting the approximately \$50 million deal, Mr. Maxwell would become responsible for millions of dollars in costs to keep the paper running and would have to renegotiate union contracts to make staffing cuts.

Sources have estimated that any owner of the News faces about \$150 million in shutdown costs, including severance and pension payments and lifetime job guarantees to some nonstriking workers, should the paper close.

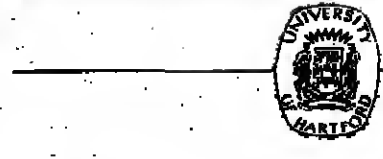
Mr. Maxwell is the head of Maxwell Communications Corp., which employs more than 15,000 people in 16 countries and has annual revenues of about \$1.7 billion. His holdings include the Daily Mirror newspaper in Britain, and the publishing house Macmillan Inc. in the United States.

News management has said it would fold the paper on March 15 unless a deal with a buyer was reached. Talks between the unions and Mr. Maxwell were set to begin on Thursday. But a deal was far from certain and the unions could find Mr. Maxwell a tough negotiator.

George McDonald, president of the umbrella group of the nine striking News unions, acknowledged that he expected to make concessions to save the paper, and its 2,800 jobs. Talks will go on around the clock if necessary, he said.

The Daily News has continued to publish during the strike, using nonstriking employees and replacing strikers with newsmen refused to go on strike. But advertisements have been estimated as low as 300,000, and circulation as low as 1.1 million. As a result, the company's loss from a pre-strike figure of \$700,000 daily at the paper. The paper says it has been losing about \$700,000 daily at the paper. The paper lost \$114.5 million in 1990. (Reuters, NYT)

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THE ARIANESPACE REPORT

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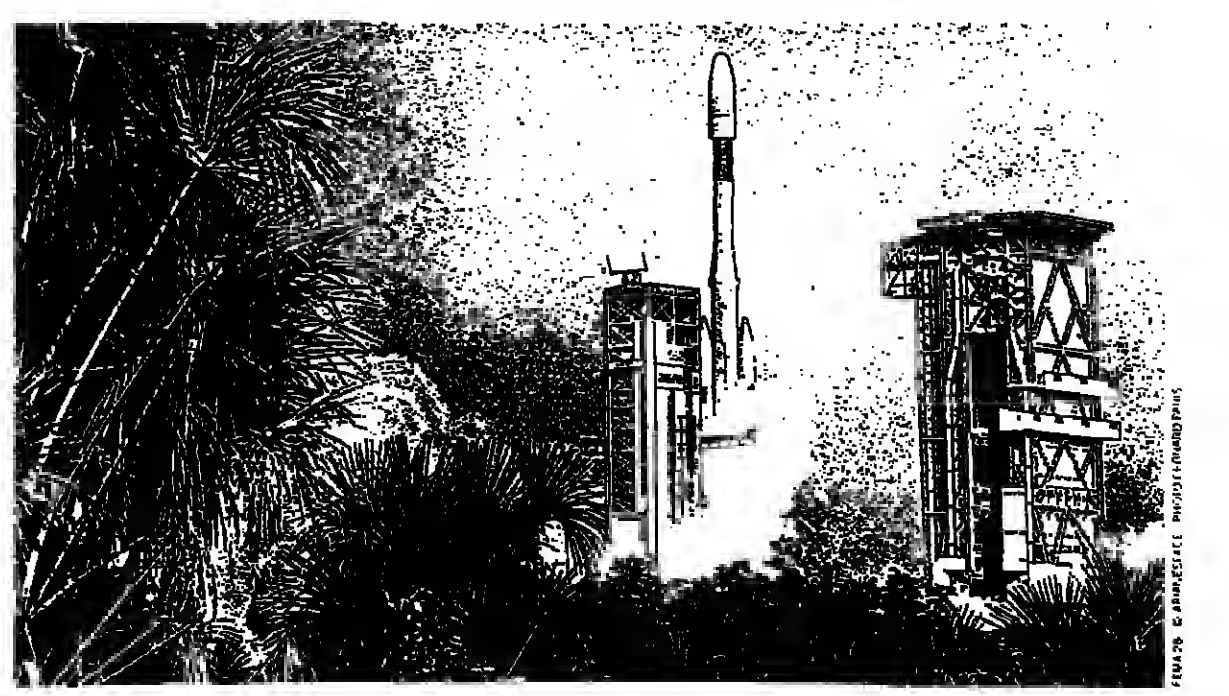
The Eumetsat organization continues the Meteosat Operational Program, initially developed by the European Space Agency, gathering and providing imagery and weather data. This is the third Meteosat satellite to

fly Arianespace, who will launch the fourth in the series as well.

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AFTERMATH: While reporters are 'in the hands' of Republican Guard, more former POWs hear 'welcome to freedom'

Iraqi Guard Holds Some Journalists, Opposition Says

Compiled by Our Staff From Dispatches

An Iraqi opposition group said in Tehran on Wednesday that some of the 28 journalists who are missing in southern Iraq had been seen in the custody of the Republican Guard.

"After our investigations about the French, Italian and other reporters, we concluded that they are now in the hands of the Iraqi regime's forces south of Basra," an Iraqi opposition group, the Supreme Assembly of Islamic Revolution in Iraq, said in a statement. The statement was read to reporters in Nicosia over the telephone from Tehran.

On Tuesday, British, French, Italian and U.S. officials said 28 journalists had disappeared in southern Iraq. Most of the missing reporters were in a convoy that headed into Iraq on Sunday.

Journalists in Saudi Arabia had reported that five more colleagues working for U.S. publications were missing. But some of them had later reported to their organizations. The five were identified as Tony O'Brien and Ed Barnes of Life magazine, Todd Buchanan of The Philadelphia Inquirer and Chris Morris and Tony Saut of Time magazine. In addition, they said Jacques Langevin of Sygma, the international photo agency, was missing.

Mr. Langevin, Mr. Barnes and Mr. O'Brien phoned their organizations Wednesday to say they were all right.

Mr. Morris was supposed to contact Time on Tuesday but did not, said a spokesman, Robert Pondiscio. But he said the magazine was not sure whether Mr. Saut was missing because he was not due to check in until Thursday.

The missing journalists from American, British, French and Italian news organizations drove into Iraq from Kuwait to gather information on a rebellion against President Saddam Hussein.

Foreign Minister Roland Dumas of France said Wednesday that the Soviet Union had agreed to intervene with Iraqi authorities to seek the release of the journalists.

In Damascus, a spokesman for Iraqi Shiite Muslims opposed to Mr. Hussein said his group had been informed that five foreign journalists were seen Monday being led out of Basra, in southern Iraq, in the direction of Abul-Khasa, which is controlled by the Republican Guard.

Alain Menargues, a reporter for France Info radio, quoted a Republican Guard spokesman with whom he spoke in southern Iraq as saying: "We are detaining some French journalists. They will be exchanged for prisoners of war."

The U.S. Central Command, in a statement Tuesday, said some of the journalists were "believed to be in serious danger."

It said the missing journalists included four reporters from U.S. organizations: Neal Conan of National Public Radio, Chris Hedges of The New York Times, and Greg Lamothe and Tyronne Edwards of CNN.

Three members of a crew from Britain's Independent Television News were among the missing: Michael Gillings, Sam Gracey and Andrew Simmons.

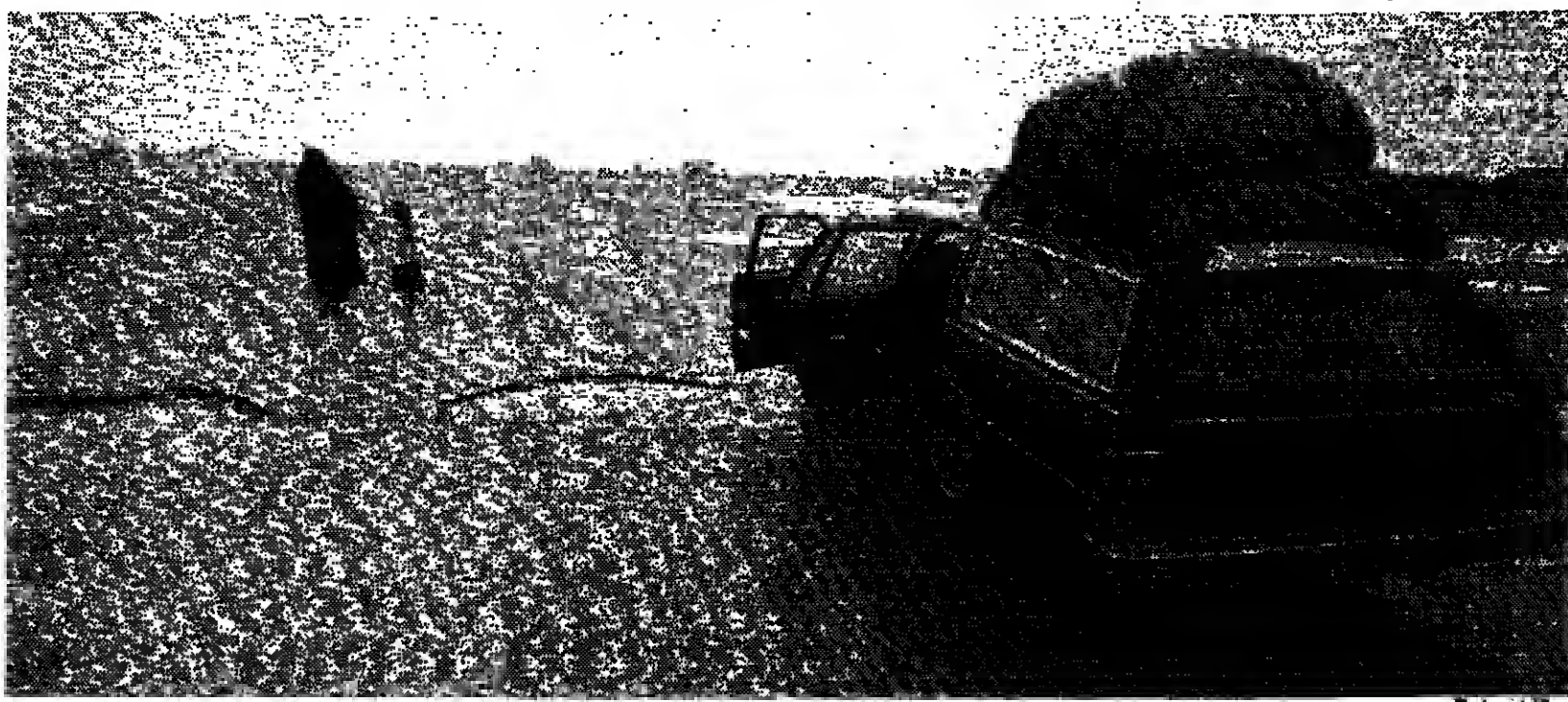
Hugh Roberts, an ITN spokesman, said there had been no word from the crew since Sunday.

Southern Iraq has been the site of intense fighting between the Republican Guard and opposition forces, according to reports from fleeing refugees, opposition leaders and the Iranian press agency.

In Paris, a French television correspondent reported Tuesday that he had been part of a convoy carrying French journalists to Basra, but had turned back on Sunday.

"The others were stopped by Republican Guards and are in prison," the reporter, Etienne Leenhardt, said on the French station La Cinq. "All are in the same prison and not caught in between any opposing military forces."

(AP, Reuters)



An Iraqi mother and child on the road from Basra to Kuwait abandoning their automobile in a search for gasoline as they headed out of the country.

As 35 Are Freed, U.S. Hails Iraqi 'Forthrightness'

By Rick Atkinson

Washington Post Service

RIYADH — A total of 35 more allied prisoners of war flew out of Baghdad on Wednesday, and U.S. officials praised Iraq for being "very forthright" in following through on a promised prisoner exchange.

The freed prisoners, including 15 Americans, arrived in the Saudi capital around 5 P.M. aboard two international Red Cross airplanes that had been used to carry 294 Iraqi prisoners to Baghdad earlier in the day.

The Americans and a freed Italian pilot were immediately transferred to a U.S. C-141 jet and flown

to Bahrain for examination aboard the U.S. naval hospital ship Mercy. The release Wednesday followed the freeing of 10 POWs, including six Americans, on Tuesday. The arrival over came a week of a severe storm from Tuesday prevented the larger group from leaving Iraq until Wednesday.

Brigadier General Richard I. Neal of the U.S. Marines, announcing the prisoner transfer in Riyadh, said four Americans had suffered injuries in air crashes, two of them back injuries and one a broken leg. The fourth, Major Rhonda L. Cornum, a flight surgeon with the 101st Airborne Division, broke at least one arm when the helicopter in which she was riding was shot

down over Iraqi territory during an attempt to rescue an F-16 pilot who had a broken leg.

Major Cornum appeared to say, "There are more," as she stepped off the airplane in Riyadh, according to several journalists. But General Neal, without ruling out the possibility that there are more allied POWs in captivity, said, "We're very comfortable that the Iraqi government has been very forthright."

Several Americans are still listed as missing, the general added, including 14 aboard an AC-130 believed shot down over Kuwait last month. Searchers believe they have spotted the wreckage of that aircraft off the coast of Kuwait, Gen-

eral Neal said Wednesday, but rough seas prevented closer inspection.

Iraqi officials arrived in Saudi Arabia on Wednesday night for further discussions on prisoner issues. The coalition still holds more than 60,000 Iraqis, including 700 who are being treated in hospitals, mostly for combat wounds, General Neal said. The Iraqis will also be pressed to deliver several thousand Kuwaiti citizens reportedly kidnapped by retreating Iraqi soldiers, as well as 28 journalists reported missing after having set off for Basra earlier this week.

Also unclear, the general added, is the fate of Iraqis who do not wish

to return to their native country. All 294 prisoners repatriated Wednesday clearly wanted to go home, he said.

In addition to the Americans and the Italian, the POWs flown to Riyadh on Wednesday included 9 Britons, 9 Saudis and a Kuwaiti.

■ **32 Iraqis Freed in Britain**
The British Defense Ministry announced the release Wednesday of 32 Iraqis from a military camp near Salisbury, The New York Times reported.

But the Home Office said that 33 other Arabs — 31 Iraqis and 2 Palestinians — would not be released.

Japan Hid Americans Before They Fled Kuwait

By David E. Sanger

New York Times Service

TOKYO — The Japanese government revealed Wednesday that it secretly gave refuge to 16 American diplomats and their families in the days following Iraq's invasion of Kuwait and then helped them escape from Kuwait.

The disclosure came from Japanese officials who acknowledged that they were trying to prove that Japan contributed more than money to the Gulf war. In recent days, the Japanese government has been stung by criticism, both from abroad and from the Japanese media, that it wallowed in political in-fighting about how to contribute to the coalition forces while its allies put their citizens at risk.

Until now, Japan's Foreign Ministry had kept silent about the Americans, who were kept in the Japanese Embassy in Kuwait. The ministry declined to identify the Americans or describe what kinds of jobs they had held in the U.S. Embassy in Kuwait.

"They were afraid that if they approached the U.S. Embassy, they might be taken hostage," said Tazuo Watanabe, the chief Foreign Ministry spokesman. After nearly two weeks, he said, the Americans were shipped past Iraqi guards and taken to the U.S. Embassy, and later out of the country. He said that Japan's foreign minister, Taro Nakayama, had later received a letter from Secretary of State James A. Baker 3d commending Japan's action as "courageous" and "an acute decision."

Mr. Watanabe also said that Japanese, who at times had more freedom of movement in Kuwait and Iraq than Westerners, gathered intelligence information about the whereabouts of American citizens being held as "human shields." The Japanese Embassy later passed the information to U.S. contacts. In December, Iraq released the last of the foreign hostages that it had been holding in Iraq and Kuwait.

According to reports appearing Wednesday in the Japanese press, the Americans — about an equal number of men and women — were kept separated from scores of Japanese who had also sought refuge in the embassy. Officials in Tokyo could not explain why they had been kept in isolation.

The government's decision to discuss its activities in Kuwait, seven months after the fact, may be a measure of how much credibility officials feel they lost in the war. The Japanese media ridiculed the Foreign Ministry for the speed with which it evacuated its embassy in Kuwait, while many other embassies remained occupied.

In recent days, Japanese newspapers and television talk shows have been filled with warnings that Japan will pay a price for its seeming aloofness at the beginning of the war and the grudging nature of its contributions once the coalition buildup began. Many also expect a series of harsh trade disputes with the U.S. Congress and the European Community.

Even the Yomiuri Shimbun, one of the newspapers with the closest ties to the governing Liberal Democratic Party, has been unsparing in its criticism.

"Japan's poor skills in diplomacy surfaced during the seven-month crisis," it wrote last week. The country's political leadership, it said, "was caught completely off guard" by the invasion and never recovered.

"Underlying the nation's political immaturity was its intellectual inadequacy in tackling the realities of a changing world," the newspaper continued. Others contend that in following its instinct not to risk its relations with Arab nations, which supply 70 percent of Japan's oil, the country succeeded in angering both sides in the conflict.

ARABS: Egypt and Syria to Lead Peacekeeping Force

(Continued from page 1)

statement said that "economic policies will be formed to achieve balanced economic development as a prelude to establishing an Arab economic bloc." It did not spell out details.

The ministers expressed support for the Iraqi people in the civil unrest sweeping southern Iraq.

"The countries in the Gulf Cooperation Council, Syria and Egypt, express their deep regret over the upsurge of suffering to which the Iraqi people are being subjected as a result of the Iraqi leadership's indifference to their interests," the statement said.

It also expressed "concern for

the unity of the Iraqi territory and its regional safety."

A source close to the delegates said the rebellion against President Saddam Hussein in Iraq was one of the main issues discussed.

In an indirect reference to Iran, the eight foreign ministers said their cooperation could lead to "dialogue with the Islamic and international parties that respect" the interests of Arabs.

Elimination of weapons of mass destruction would be sought through "the concerned international apparatus," the statement said.

Concern about Israel's unacknowledged nuclear capability and

fears during the Gulf war that Iraq would use chemical and biological weapons spurred the council action.

The statement said economic policies would be adopted to "achieve balanced economic and social growth, paving the way for the establishment of an Arab economic gathering."

The statement did not go into detail about aid from Gulf states to poorer Arab nations. But the Gulf council pledged \$15 billion in December to aid Arab and Muslim countries in the anti-Iraq alliance that were hard hit by the Gulf crisis.

(Reuters, AP)

LIBYA: Bunker Would Protect Toxic Arms, U.S. Says

(Continued from page 1)

chemical-warfare facilities, the U.S. sources said.

Last summer, the Bush administration said Libya had been trying to buy chemical technology from China. Administration officials said they had obtained assurances from China that these chemical ingredients would not be shipped.

Prosecutors in Germany disclosed in August that Imhausen-Chemie, in addition to helping with the Rabta plant, had supplied Libya with plans for a second chemical plant, at Sebha, 650 kilometers (400 miles) south of Tripoli.

U.S. officials declined to say

where the underground complex is being built. But one source with access to intelligence reports said it was near the Rabta plant, about 60 kilometers south of Tripoli.

"We have had information that the Libyans may be building a new chemical warfare site underground," a U.S. official said.

The German news report said the underground complex would protect both chemical and nuclear weapons. But several U.S. sources said they believed that the plant would be used primarily for chemical weapons. Although Colonel Gadhafi has reportedly tried for years to obtain nuclear weapons

with foreign help, there is no sign that he has succeeded.

■ **Libya Seeks Rabta Repairs**
Libya said Wednesday that it was holding talks with European countries on repairing and operating the Rabta plant, Reuters reported from Nicosia.

The Libyan press agency JANA said the plant would produce medicines for Arabs and others. It reported that a Foreign Ministry spokesman had said that the negotiations covered partnership in the plant and participation in its administration and operation by experts from unidentified West European nations.

(Reuters, AP)

Turkish Fear: An Iraq Split by Shiites and Kurds

By Clyde Haberman

New York Times Service

ANKARA — Although eager to see President Saddam Hussein toppled, Turkey is worried that civil disorders in neighboring Iraq could result in entire zones controlled by Shiite Muslim fundamentalists and Kurdish guerrillas.

Few prospects are more disarming for Turks than a fragmented Iraq, and such a development would be as welcome here as Mr. Hussein's clinging to power.

Even before the end of the Gulf war, the Turkish president, Turgut

Ozal, said that in the campaign to defeat Iraq and overthrow its leader, "the man's back should be broken, not that of his people."

For Turkey's interests, that means, among other things, keeping Iraq's borders intact.

Turkish leaders have warned that they are prepared to send in troops to block the creation of a separate Kurdish state in northern Iraq and to head off any attempt by Iraq and Syria to seize Iraq land in case a power vacuum develops.

The three neighbors all insist that they have no territorial ambi-

tions and want to make sure that Iraq remains whole, but foreign diplomats here say that each has suspicions about the others' intentions.

One fear for the Turks is that Iraq might be supporting Shiite Muslim insurgents in southern Iraq.

Turkey, a Muslim country rooted in secular principles, has been troubled for several years by growing fundamentalism within its own borders, and it has often accused Iraq of supporting this trend with money and religious exhortations.

"The last thing that we or any of our allies would want is a fundamentalist state in Iraq," a senior Turkish official said.

Similar concerns were expressed about statements by an Iraqi opposition leader that Kurdish rebels had seized control of the northern Iraqi city of Sulaymaniyah.

If true, the report could encourage insurgents who have been waging a seven-year guerrilla war to create a separate Kurdish state in southeastern Turkey.

Those rebels have received logistical support from Syria, creating Turkish tensions with Damascus similar to those with Tehran over the issue of fundamentalism.

Moreover, there are signs of growing popular support for the rebels in the southeast, where Turkey's estimated 8 million to 10 million Kurds are concentrated.

Despite basic mistrust of Iran and Syria here, an official said that there were no signs of "active attempts by either of those countries to tear Iraq apart."

And the Turks are well aware that their own motives have been called into question by some Iranians and Arabs who assert that Turkey covets Iraqi oil-producing provinces, Mosul and Kirkuk, lost when the Ottoman Empire crumbled seven decades ago.

REVOLT: Kurds Joining In

(Continued from page 1)

dent members of President Hussein's ruling Ba'ath Party.

Mr. Talabani claimed that the major northern city of Arbil and six other localities had been "liberated." Some Kurds said that such a "liberation" was probably the result of spontaneous resentment against the Iraqi government.

In their eyes no Kurdish uprising could be taken seriously without Mr. Barzani's specific commitment.

This skepticism was based on deep-seated Kurdish convictions that the most numerous and toughest guerrilla fighters traditionally have been tribesmen drawn from Mr. Barzani's Kurdish Democratic Party centered along the Turkish border, rather than Mr. Talabani's Patriotic Union of Kurdistan clustered near Iran.

Mr. Barzani has hesitated to commit his forces, a reluctance that was dictated by fears of renewed Iraqi repression which in the past two decades involved razing 4,000 Kurdish villages, displacing hundreds of thousands of Kurds and using poison gas against civilians.

He said that "thousands" of Kurdish auxiliaries in the Iraqi Army, known as "jash" or donkeys, had deserted.

NATO to Withdraw Air Units From Turkey

Compiled by Our Staff From Dispatches

BRUSSELS — NATO said Wednesday that it would withdraw 42 German, Italian and Belgian fighter planes it sent to Turkey in January to help deter any attack from Iraq in the buildup to the Gulf war.

A North Atlantic Treaty Organization statement said that "in view of the decreased threat to allied territory" the planes could "return to their home bases."

Belgium sent 18 Mirage-5 fighter bombers, Italy six F-104 Starfighters and Germany 18 Alpha Jet ground attack aircraft. There have

been no reports that the force was ever used.

Defense Ministry officials said that Belgian planes would return by the end of next week.

The force was deployed in southeastern Turkey "to demonstrate NATO's collective solidarity and determination in the face of a potential threat to allied territory," the statement said.

Although NATO itself was not involved in the war, member countries sent planes, missiles and other hardware to Turkey to strengthen its defenses in case of attack.

In addition, the NATO allies

sent patrol planes, surveillance ships, mine detectors and minesweepers to the Mediterranean to ensure that sea lanes remained open for commercial shipping.

The statement said that measures taken to protect shipping lanes and heighten air defenses in the southern region would be "progressively terminated."

The dozens of ships and planes involved, it said, would return to their normal operating areas or to training status. It did not specify the phasing period.

Turkey is the only one of the 16 NATO nations that shares a border with Iraq.

(Reuters, AP)

THATCHER: Political Widowhood Is Taking Its Toll on the Iron Lady, and the War Has Not Helped

(Continued from page 1)

highly popular prime minister, whose poll ratings for the moment far exceed those that dogged her at the end of her tenure.

Mrs. Thatcher's staff turned down a request to interview her — she is saving her first public comments for Barbara Walters, an aide said. Friends and former colleagues do speak, but mostly not for attribution. And few want to talk about the most sensitive subject of all: her attitude toward Mr. Major.

His success clearly poses a dilemma for her. She has publicly praised his cool, low-key approach to the Gulf crisis — an approach in marked contrast to her own combative, high-volume style — and his aides insist that their relationship is as warm and supportive as ever.

Yet at the same time, her friends say, Mrs. Thatcher fears that Mr. Major's government is seeking to distance itself not only from her style but from her policies. The new leaders of the Conservative Party espouse the "social market," a caring philosophy of improved education and health services that sounds far removed from the rougher, free-market gospel advocated by Mrs. Thatcher. They are also seeking ways of softening or even scrapping the poll tax, the deeply unpopular new system of local government taxation that she championed and that played a part in her demise.

Behind her concern on these issues, friends say, lurks the sense that if only Mr. Major's backers had stuck more loyally with her in the autumn, she would still be at the post she loved so much, leading the good fight for free enterprise.

"There's a double whammy with Major," said Michael White, political writer for The Guardian. "Not only did he betray her, he's also dismantling the things

she believes in. Quite a lot of the bitterness you hear from her loyalists ultimately comes direct from her."

Unlike the handing over of power in the United States and its attendant pomp and circumstance, the changing of prime ministers in Britain occurs with brutal, unsentimental swiftness. Just one week after Mrs. Thatcher announced her resignation, she was gone from No. 10 Downing Street, her home since 1979.

She moved to a house in Dulwich, South London, far from the center of town and the center of politics. The official staff of 125 was gone; Her Majesty's government does not even provide a secretary to former prime ministers, and Mrs. Thatcher had no one to help her answer the 46,000 letters that poured in after the resignation. She even left her private phone book at the office. From a grateful nation she received an annual pension of about \$34,000, a bulletproof car, a phalanx of bodyguards and a cramped, dark office in the basement of the House of Commons.

A close friend, the former Conservative Party treasurer Lord McAlpine, lent her a suite of offices near Parliament, and he and other friends have helped pay for a small staff. Kathleen Ford, third wife and widow of Henry Ford II, lent her an apartment in Belgravia, one of London's swankiest neighborhoods.

Twice a week, Sir Charles Powell, her former chief secretary and foreign policy adviser, strolled from Downing Street to her office to fill her in on world affairs. But no one could fill the long hours or ease the growing sense of despair. Her husband, Denis, although sympathetic, has long ago learned to live his own life.

Noel Malcolm of The Spectator, a magazine written for and read by the Conservative faithful, wrote that "there can be few more frustrated human beings on

the face of the planet." He quoted an old friend who took her to lunch recently and said that asking her how she was coping "was like asking someone who has been recently widowed how she feels."

"She tried to say all the right things, all the brave things, but you could see the misery in her eyes."

But if she was miserable, she was also loyal. Mindful of the doleful example of Edward Heath, the prime minister whom she had deposed as Tory leader 16 years ago, she was determined not to criticize the new regime in public. Instead, she did her complaining in private, sometimes in long, stream-of-consciousness sessions with loyalists who were far more willing than she to vent anger publicly.

The results have begun to appear in print, especially in the pages of the Sunday Telegraph, the last mainstream vehicle of pure Thatcherism. In recent weeks, the newspaper has accused the new Conservative Party chairman, Chris Patten, the best-known Tory advocate of "social market" politics, of vacillation, insincerity, hypocrisy and pretension.

The ultimate target, of course, is the prime minister, whom the Sunday Telegraph recently accused of "intellectual modesty."

Mr. Major is too popular to be taken on directly, and friends say Mrs. Thatcher remains fond of him even if uncomfortable with some of his policy directions. But that has not stopped her from subtly undermining him. "She sits there like a political grenade with the pin out," said Mr. White of The Guardian.

For example, Mr. Major has taken a far more conciliatory line with the European Community, seeking to make Britain a more cooperative member rather than an outspoken but at times ineffectual rebel. Mrs. Thatcher, however, has made clear she will oppose any backsliding on Europe.

At a recent party, she could be heard pouncing soon on what she called the "Euro-waffle" of Germany and other EC members during the Gulf crisis. And although Mr. Major has hinted that Britain might someday accept the idea of a single European currency, Mrs. Thatcher told the constituents gathered in a community meeting last Monday night, "I would fight it and fight it and fight it again."

The Thatcher camp is divided over her future. Some of her rightist friends want to see her remain in the House of Commons to lead the fight against European monetary and political integration and to ensure that the Major government took the line.

Others would like to see her find a larger stage that would take her out of petty local politics and give her a chance to influence world events. Some believe she should be made a roving British ambassador. Others hope the Thatcher Foundation will give her an international forum — and defuse the tensions between her followers and her successor's government.

It may be, as Alan Watkins wrote in last weekend's Observer, that Mrs. Thatcher is a political dinosaur on the edge of extinction. "In politics, as in no other activity except warfare, nothing succeeds like success," he wrote. "The regrets about Mrs. Thatcher's departure are no more than tears drying on the margin of history."

But she won't go quietly. "I have no more intention of being hassled by the press now that I'm prime minister than when I was," she told her constituents, dismissing reports that she had decided to resign from Parliament. As for the future, she added, "I hope in one way or another to continue to exert an influence, because I think that it would be a jolly good thing for the Conservative Party to have a senior elder statesman, especially a matriarch."

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Space, in Proportion

At last, NASA has brought proportion to the grandiose program to build a permanently manned station in space. NASA's original goals were breathtakingly ambitious. The station was to serve as a launching pad for trips to the moon and Mars; a platform for observing the stars and planets, including the environment of planet Earth; a factory to produce exotic materials outside gravity; a biomedical laboratory to study the effects of space on human life. But the dream proved too big to accomplish. Estimated costs soared irresponsibly, from \$8 billion to \$37 billion. Maintenance of the huge structure, approaching the size of the U.S. Capitol, was beyond the capability of a handful of astronauts. And, after the 1986 Challenger accident, the shuttle fleet looked incapable of ferrying the parts.

Scale it back, Congress ordered last year. A White House panel of experts agreed, and now NASA has done so. The simpler, cheaper plan will not satisfy those who question why there should be any manned space program at all. But if there is to be any role for humans in space, as there probably should be, NASA's approach appears at first blush reasonable and achievable.

The plan would trim the station from 508 to about 300 feet, reduce the crew from eight to four, allow ground assembly of much of the station, simplify maintenance,

sharply reduce the shuttle flights required and cut the budget over the next six years by \$6 billion. Most important, the plan focuses on just two missions: studying the long-term effects of space on human life, and investigating the commercial possibilities for making ultra-pure crystals, metals and drugs outside gravity.

A questionable feature is the balance struck between the two missions. The plan appears to give priority, at least in timing, to the commercially oriented research. That may be necessary on practical grounds and to satisfy Congress. But a White House panel recommended last year that life-science studies to determine the feasibility of long-duration human space flight be the fundamental goal. Such research is needed because scientists do not understand the hazards posed to humans by solar flares, cosmic radiation or muscle and bone deterioration outside gravity.

A more fundamental question is whether the station should be built at all. The only justification is a belief that humans — preferably Americans — will one day explore other planets, and that it would be a shame not to gain the medical knowledge they will need. For all its troubles, NASA has the expertise and momentum to keep open that window to the future.

—THE NEW YORK TIMES

Wiser With Oil

With the cease-fire in the Gulf, Americans can expect oil to be cheap and readily accessible for the foreseeable future, which in this case means a year or two. That will generate a certain temptation to use more oil. The temptation will be reinforced by the Bush administration's unwise proposal for a national energy policy, with its emphasis on more oil production and its neglect of serious conservation.

But if the past decade's pattern continues, there will not be a great surge in oil consumption. In the absence of reliable public policy, Americans, from large corporations to private individuals, seem to have devised their own energy policies, and the central theme is caution. People have apparently tired of being whipsawed by unpredictable swings and swoops in the price of oil, and they have been backing away from it — especially in industry.

It is revealing to consider energy consumption in America over the decade-plus that runs from 1978 to 1989, both of them years that preceded Middle Eastern crises and the recessions that followed. In 1978 the volume of oil burned in the United States hit a record that it has never again approached. Although oil was cheaper in 1989 than in 1978, the country chose to use much less of it.

Instead, reliance on coal is up sharply along with the production of nuclear power.

Total U.S. consumption of energy rose during those 11 years, but only very slowly. Economic output, meanwhile, went up briskly. The country is using energy more efficiently now than it did in the late 1970s. Cars then ran an average of 14 miles on a gallon of gas. By 1988 the average was up to nearly 20 miles. Similarly the continuing shift from primary fuels to electricity has brought large efficiency gains to commerce and industry — never exceeded any control over the bank's management or operations. Since last year, BCCI has been controlled by the ruling sheikh of Abu Dhabi, who put up \$1 billion to rescue it from financial difficulties that followed the money-laundering plea.

The matter has been brought to light in the past year by money-laundering investigations in Washington and New York, and by reporters for The Wall Street Journal and The Washington Post. A former Senate staff counsel told information to the Manhattan district attorney, Robert Morgenthau, last fall when he could not arouse interest in Washington. Mr. Morgenthau started an investigation and alerted Washington, and the Fed recently referred its own findings to the Justice Department for possible criminal or civil prosecution.

This may only be a case of one foreign bank evading regulation, as federal regulators say it is. But it may reveal a loophole for foreign banks that needs plugging. BCCI's alleged control of First American Bankshares runs through a holding company in the Cayman Islands. At the least, Congress and the Federal Reserve itself should be asking how the linkage escaped detection for so long. Was it willful concealment, political clout or insufficient probing? Answers are not known yet, but it is time to ask. Congress has been singularly unresponsive.

—THE NEW YORK TIMES

Winking at a Scandal

The Federal Reserve Bank has finally cracked down on the high-flying Bank of Credit and Commerce International. The bank, based in Luxembourg, has agreed to cut its ties to Washington's largest bank and cease U.S. operations. BCCI pleaded guilty last year to laundering millions in drug money for, among others, Panama's deposed leader, Manuel Noriega.

While the Fed's order should halt BCCI's suspect American activities, it leaves a big mystery: How did this global renegade control a large American bank — First American Bankshares — without the knowledge or approval of federal authorities? The question deserves far more attention than Congress has seen fit to give it.

BCCI was founded in 1972 by an ambitious Pakistani financier with capital from Arab investors and the Bank of America. It grew spectacularly, to \$20 billion in assets with more than 300 branches in dozens of countries. U.S. regulators rejected its bid for two American banks in the mid-1970s, citing inadequate information. But in 1981 the Federal Reserve approved the sale of Washington's First American Bankshares to a group of Middle East investors who used BCCI loans to buy it.

Federal authorities were suspicious of the BCCI connection even then, but were assured by Clark Clifford, the prominent Washington lawyer and influential political adviser to presidents, that there would be no link. Mr. Clifford, whose firm represents BCCI, became chairman of First American Bankshares after the takeover.

Other Comment

Clarification in the Baltics

The public opinion poll results in the Baltics are not much of a sensation. No one doubted that the majority of Estonians and Letts, like Lithuanians last month, would cast their votes for the sweet word of "freedom." The most important result, judging by the percentage of the polls, is that the majority of the population belonging to ethnic minorities joined the indigenous population. And this is what makes all the difference. Such an outcome was partly caused by the rude interference of Soviet armed forces into the political life of the region. The issue of which of the Russian-speakers are really "occupiers" and which are patriots in the Baltics was to a considerable degree clarified when tanks and sub-machine guns took aim at them.

From a political point of view, it is most important today that we emphasize correct issues. The multinational Baltic population is not rejecting the possibility of a radically renewed cooperation with other republics, including Russia, as opponents of independence are trying to picture. Their "no" was voiced only against the attempts of the center to build this renewed community from above, not from below, by authoritarian, not democratic, means.

It is regrettable that the Baltics have taken a line of boycotting the March 17 referendum. This puts them in a dubious position of states claiming to be independent but unsure of themselves and thus allowing their opponents to dispute the poll results which otherwise might be confirmed during the referendum of March 17.

—Komsomolskaya Pravda (Moscow)

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Many Were Wrong About Bush the Nonentity

By Jim Hoagland

PARIS — When Ronald Reagan dispatched the U.S. Marines to Lebanon in 1982, he told congressional leaders that the marines would do their job quickly and leave with the cheers of that grateful Arab nation ringing in their ears. The Lebanese would gather on the dockside, wave American flags and hail the Americans as liberators, just as Filipinos sent General Douglas

"vital national interests" were at stake. Patience, attention to detail and the ability to guide teamwork are precisely the qualities that Mr. Bush has shown, particularly in the Gulf crisis, endgame when he consistently wrong-footed his adversaries abroad and his rivals at home by never leaving them the initiative. He doggedly built up a military and diplomatic

Reagan could never have achieved this victory.

MacArthur and his men off as he bore, Mr. Reagan promised.

I witnessed a scene something like Mr. Reagan's fantasy on Sunday. But it happened in Kuwait City, not in Beirut, and the American president who was exulting by cheering Arabs as their liberators was not Ronald Reagan. It was George Bush, the once obedient aide who has just earned any remnant of Mr. Reagan's shadow on his presidency with the stunning victory of Operation Desert Storm.

It was a victory the likes of which Mr. Reagan never achieved. True, circumstances never dealt him quite the same hand. But as I watched joyful Kuwaitis dancing on their debris-strewn seafloor, wrapped in U.S. flags and shouting "Boosht! Boosht!" it struck me that Mr. Reagan, a political giant in some respects, could never have achieved this victory.

Desert Storm defines the differences between the 40th and 41st presidents of the United States as nothing else has. And it is a contrast all in George Bush's favor.

Mr. Reagan went for easy successes (Grenada) while walking away from challenges that turned out to be difficult (Lebanon) by pretending that they had never happened. The retreat from Lebanon was announced by a mimeographed press release in late evening while Mr. Reagan was incommunicado on an airplane.

The ill-starred Lebanon adventure, which ended with the death on a Sunday of three times as many U.S. servicemen as were killed in the six weeks of the Gulf war, illustrated Mr. Reagan's lack of patience, lack of attention to detail and inability to stop destructive infighting within his cabinet even when the president said that

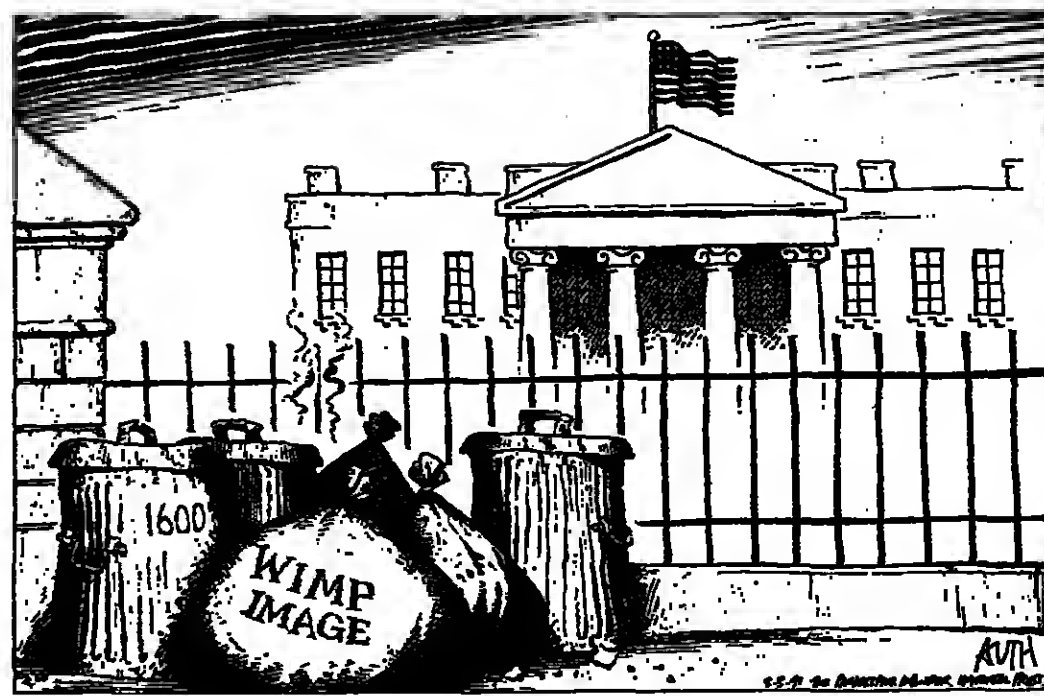
Speakes, Haig, Noonan and the others is the lack of confidence the people who worked most closely with Ronald Reagan had in their president. They liked, revered or idolized him, but they never trusted him to undertake and lead in a protracted clash of wills and resources. They never followed him without thinking that they knew better.

That is why George Shultz and Caspar Weinberger could continue to wrangle over whether and how the marines should be in Lebanon long after the president had read David Stockman on Jim Baker's various schemes to protect Mr. Reagan from himself, we may gain insight into why Mr. Bush's secretary of state was the one member of this team visibly uneasy with the president's bold course in confronting Saddam Hussein. (That, at any rate, is what journalistic hagiographers at State reported about Mr. Baker before victory was sure.)

Conversations with a few persons in the small circle who work or have worked closely with Mr. Bush suggest to me that the president inspires a loyalty and a genuine confidence from his staff that are surprising in the increasingly hard-bitten, cynical folkways of official Washington.

Among his fellow politicians and my fellow journalists in Washington abides a distrust of Mr. Bush that borders on scorn. His actions in the 1988 campaign earned him some of that, but the distrust, at least until now, has been both broader and deeper than simple reaction to Willie Hortonism. It was the lack of faith in Bush as a leader that led many in the Federal City to doubt that Desert Storm would work in the first place. It did, in part because the people working for President Bush were willing to follow his lead without second-guessing him in public, while he did the same with them. The quiet competence that made him a nonentity in the Technicolor days of the Reagan White House serves him well in his own White House.

The Washington Post



Arabs Would Benefit From an Accord With Israel

By William Pfaff

PARIS — Southeastern Iraq's cities in the hands of Shiite fundamentalists under Iranian influence, and Kuwait delivered to marauding no one's control, are no part of the new Middle Eastern order that George Bush and James Baker have had in mind. However, the law of unintended consequences works on the upside as well as the downside, and the coalition's brilliant military victory has brought a particular and salutary political clarification to the region.

It has proved that the idea of "the Arab nation," as King Hussein of Jordan now acknowledges, is "just a beautiful dream." Not only that but a destructive dream, concealing reality.

There are several Arab nations, and also an Arab undefined space where trouble repeatedly

space — Damascus, Aleppo, Jerusalem — and also vast underdeveloped regions populated by agriculturalists or nomads with shifting feudal attachments.

Baghdad was capital of the Arab Abbasid empire at the time of greatest Arab power and glory. Its struggle with Iran goes back to antiquity, a conflict between Persians and Arabs, reinforced in Muslim times by the rivalry between Sunnis and Shites. Iranian Shites, humiliated in the Iran-Iraq war, are looking for revenge today, and seem to be finding it, thanks to the success of "Desert Storm."

Kuwait was a pearl and fishing settlement, dominated since the mid-18th century by the Sabah family, who are still absolute rulers today, if weakened ones. Saudi Arabia had no distinct political character until the mid-20th century, although its holy places were under the protection of the Hashemite family, descendants of the Prophet, Ibn Saud, leader of a puritanical sect, drove out the Hashemites in 1924-25. Afterward it was "Saudi" Arabia. In the mid-1930s Ibn Saud signed an oil exploration contract with American interests because he believed that as the United States had no colonial record in the region and was far away, it was safer to deal with than the Europeans. The rest, as they say, is history.

The troubles today have come in those spaces where nations are lacking and the "beautiful dream" of the Arab nation prevailed. Hence Iraq's determination to deny that Kuwait exists. Hence Syrian expansionism — its ambition to annex Lebanon, which has national legitimacy that Syria lacks.

And hence the struggle that has been going on for 70 years between Palestinian Arabs and Zionists.

now Israelis, both promised the same territory by Britain when the Ottoman empire collapsed. Hence the insecurity of Saudi Arabia and Jordan, who know that they are not real nations at all.

With the dream of the single Arab nation exploded by this war, Arabs are held together in the aftermath of Desert Storm by one surviving interest in common: a common conflict with Israel, considered the usurper of Palestine, and the enduring agency of Western colonialism in the region. End that and the Arab world would fall into its real parts.

The Arab world would be required, for the first time since Britain and France's colonial authority withdrew, to address its internal conflicts of political ambition and interest, the social injustices that disfigure its society, the feebleness of its political structures, exploited so easily by the Saddam Husseins and Hafez Asads — the irrelevance of the flimsy political rhetoric to the cruel passions of modern technology and industrial power.

It would confront the intellectual failure that has locked it politically in the 12th century, when Islamic public law was codified and theocracy legitimized, producing the lasting Islamic failure to address secularized Europe and America in any effective and equal manner.

Secretary of State Baker is determined to try once again for a peace settlement between the Arab governments and Israel, the Palestinian and Israeli peoples. There is unlikely ever to be a more propitious moment to make the attempt. Success would not only give Israel the true security that rests on consent, it could unlock the Arab world from the prison of its past — a liberation for it, but equally for Israel and the West.

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American Society Needs a Culture of Competence

By Robert J. Samuelson

WASHINGTON — If you recall all the heady predictions about the "end of the Cold War," you will now feel a little leery of the many "lessons" being drawn from the Gulf war. A lot of them will have short half-lives. But there was something about this war that demands attention — the competence shown by Americans at all levels — precisely because competence is often conspicuously absent in American government and business.

American pride now derives not only from victory but also from a sense that the "can do" spirit is once again alive and well. You already hear the comparisons to the moon landing and World War II. The people who ran this show (the president, Dick Cheney, Colin Powell and Norman Schwarzkopf) knew what they were doing. Everyone celebrates their skills, but what is most gratifying is that they were ultimately no better than their troops.

You cannot have such a successful operation unless people all along the line perform. I say this knowing that, in any military context, Iraq was out-matched and that the American performance was not flawless. Still, the complexity of what occurred was enormous and so, therefore, were the opportunities for failure.

People did their jobs; if they hadn't, victory might have been far more costly. Transporting so many people and so much equipment was as the military put it, like moving a city the size of Des Moines. The air war involved an intricate job of target selection and assignment. Success on the land depended on huge numbers of troops racing across Iraq with lightning speed.

The triumph has been so impressive that Americans may be deceived by the drama. Its rapidity and decisiveness somehow suggest that it all just happened, almost spontaneously. Competence doesn't just happen. It results from hard work, constant training and practice, and continuous learning — an attitude that recog-

nizes the inevitability of failures but always seeks to learn from them. And ultimately, competence requires that people, and institutions, be held accountable for their performance.

How the military reconstructed itself after Vietnam remains a largely untold story. Partly, it involves the success of the volunteer army and the Reagan defense buildup. But it also involves the leadership of people like General Powell, General Schwarzkopf and countless others who, competent themselves, demanded competence of others. "Once we got rolling it was like a training exercise with five people running about," said one U.S. officer after capturing Kuwait City. "Our training exercises are a lot harder."

It is this culture of competence — a set of attitudes, expectations and demands — that is often missing in America today. Instead of "can do," we frequently have "can't do" or "won't do" or "did it badly" — but it doesn't matter because I can explain.

Here is a case in point: Lee Iacocca. He helped revive Chrysler a decade ago, but he has mismanaged the company since then. He wasted money and management time trying to diversify into aerospace, instead of developing new cars. He let overhead become bloated. At great cost, he moved the production of one Chrysler model to a new plant, then shut the plant 15 months later. Who accuses Mr. Iacocca? Why, Lee himself. "I'm confessing my sins here," he told The Wall Street Journal last fall.

The trouble is that he is still running Chrysler. He is apparently allowed an unlimited number of blunders without feeling honor-bound to quit, or without being forced to do so by Chrysler's directors. To Mr. Iacocca and many others, admitting error is all the accountability that is required. Meanwhile, as he clings to power, Chrysler has suffered an exodus of other executives.

Another case in point: guaranteed

government student loans for college. Although they have helped millions of Americans go to college, they have also pervasively undermined educational standards. You don't have to pass any sort of test or meet any academic requirement to get a student loan. You just have to get into college and meet income qualifications. The result is that many students incur debts without ever finishing college, because they weren't qualified in the first place.

Worse, colleges have lowered their entrance standards to attract more students — and the money that comes with them. Lax requirements, in turn, mean that students study less in high school. So standards there have slipped, too. This process has degraded the worth of high school and college degrees and the competence of workers.

Listen to a public relations executive who has a hard time hiring writers. "One candidate told me that the baby boom generation, of which she was a part, never learned much about writing in college," he explained recently in Advertising Age.

As a society, Americans often overlook, excuse or deny poor performance. You might think that universities would want to restore their standards by having the federal government impose an academic requirement on student loans. Dream on. That would imperil the flow of money. So universities aren't interested. They defend their position as increasing "access" to college. But sooner or later these and other rationalizations catch up with us.

We discover that we are cultivating incompetence. Already we are hearing the familiar question: Why can't America solve (you name the problem) — everything from poverty to economic competitiveness) if it can (land on the moon or retake Kuwait). The question inadvertently reflects the culture of incompetence. It mistakes the triumph for all the preced-

ing hard work. The false assumption is that every great problem has, or should have, a great governmental solution. Let someone else do it.

Victory has produced a justifiable surge in patriotism. By itself, though, this won't amount to much if Americans can't bring more discipline to their affairs. The country needs to value government service but insist that programs have realistic targets — and meet them. Americans need to be discriminating in what we expect from government and what we leave to markets.

When America succeeds, it succeeds because individuals take responsibility and institutions are held accountable. This is an old lesson, but it worked in the Gulf and we should recall it.

The Washington Post

100, 75 AND 50 YEARS AGO

1891: Canada Annexed?

LONDON — The Daily News, writing of the possible annexation of Canada to the United States, remarks: "If the Canadians chose to adopt such a course we should certainly not be for making any attempt to restrain them. But we deprecate the policy; we do not believe it will be carried out within a measurable distance of time, and we look rather for a closer Federation between all portions of the British Empire, such as the Conference now sitting at Sydney proposes to adopt for Australasia."

1916: Denouncing War

ZURICH — "If it be an act of high treason to denounce the war, I believe that it is an honor to be a traitor in Germany this day." This sentence was the oratorical climax of Herr Liebknecht's recent speech in which the German Socialist made an impassioned denunciation of military tyranny in the German Empire and in

Don't Rush Things in The Mideast

By Leslie H. Gelb

NEW YORK — Secretary of State James Baker says he is going to the Middle East to listen and consult, and not to present an American peace plan or impose solutions. But that is what all secretaries of state say en route to selling U.S. peace plans.

Indeed, in his next breath, he admits that he has a two-track approach for direct talks between Israel and Arab states and for dialogue between Israelis and Palestinians.

The theory here seems eminently sensible, and he and George Bush are understandably eager to use victory over Iraq to shape a peaceful future for the Middle East. But their speed of action hints at something troubling. Mr. Bush and Mr. Baker also may be over eager to please their partners in war and are therefore embarking on a vast and delicate diplomatic enterprise before digesting how the war has altered the strategic landscape in the Middle East and how those changes affect American interests.

Although the fighting ended a mere week ago, two features of the new landscape are already clear. With Iraq cut down to size, no new Arab state stands on the horizon powerful enough to threaten its neighbors and U.S. concerns. And with Soviet power sharply reduced, Washington has less cause to worry about Arabs running off to Moscow.

These features suggest that the Bush administration should think hard about exactly what America would gain from pressuring Israel to trade land for a potentially risky peace.

The war has leveled the Arab playing field. For the first time since the early 1960s, no single figure looms over the region. There is no Nasser, no Sadat, no Khomenei, and Saddam Hussein is only a shell of his former self. For some time to come, Washington does not have to run around gathering up Arab allies to thwart a brother or Arab from acquiring too much power that could be used to control oil and threaten the survival of Israel.

Egypt has the manpower but lacks the money. Saudi Arabia has the money but not the manpower. Syria has no money and a maddening military force. Iraq is diminished. Israel's fundamentalism concerning the region presents a genuine threat to stability, but it cannot be combated by alliances.

The war has clearly revealed that the Soviet Union has become a less central player. Since the end of World War II, the overriding objective of U.S. policy in the Middle East has been to limit Moscow's influence over the region's oil and geography.

American support for Israel often got in the way of this larger goal. Arabs would turn to or threaten to turn to Moscow for arms and side with Moscow's policies to punish Washington for backing the Jewish state.

America swallowed these costs because its commitment to Israel sprang from deep moral and political roots and Israel was a strong military friend in an unfriendly region. But for the most part, Israel seemed more a strategic liability than a strategic asset. Now, with the Soviet Union weakened internally and its arms discredited in combat, the United States can help Israel without fearing that the Arabs will reach out reflexively to Moscow.

These happy strategic facts — no dominant and unfriendly Arab state, and declining Soviet influence — should not become grounds for complacency. There is still considerable potential in the region for upheaval within Arab states. But would U.S. pressure on Israel to empower Palestinians significantly affect those internal struggles? It might. But it is more likely that the fates of friendly Arab leaders will pivot on whether they provide their people economic hope and political dignity. Oil remains a worrisome matter. But the Western response, in any event, should be to reduce dependence on Gulf oil. This area will still be volatile even with Arab-Israeli agreements.

It may well be that Arabs and Israelis need peace in the Middle East far more than the United States does. The debilitating mutual hatred and cost of arms prevents both from seriously addressing their internal problems.

Israel, in particular, will have to find funds from its limited resources for settling Soviet immigrants who represent the nation's future. Israelis and Arabs also ought to worry a lot about the growth of nuclear and missile arsenals in a climate of hate.

For peace, the common interests have to sink in, and the Bush administration can help that process along. But the United States is blessed now with a strong strategic position and does not have to rush off to twist arms and make new commitments.

The New York Times

1941: Berlin-Tokyo Talks

TOKYO — Führer Adolf Hitler has summoned the German Ambassador at Tokyo and Japanese officials including Foreign Minister Yosuke Matsuoka to an important conference to discuss Japan's attitude in the event Germany is involved in a war against the United States and to learn how far Japan is prepared to go in the Pacific, according to well informed circles. The conference is expected to take place in about two weeks to give the participants time to reach Berlin.

—From the New York edition of the New York Herald Tribune

Calcutta on the Hudson, Most Interesting City in the Land

He started for me and just as I was deciding whether to run for it or stomp on his barely covered foot, I heard him speak. "Your color is twisted, man," he said to me. "It's all messed up."

Oh God, I thought, not this. "Your color," he repeated. "Fix it." A cut, a bruise, a racist cut.

Suddenly, he reached for my neck and smoothed the crinkled collar of my suit jacket. "There," he said as he began to walk away. "Now you're looking good."

The writer is New York bureau chief for Newsday.

R. SAUER,
Thonon-les-Bains, France.

Thank Allah that the little guy in the trench was not eager to meet his Creator and that he was just a normal guy like the rest of us, and just wants to survive. The similarities of all right people should show the attitude and respect to the Iraqi soldiers for being smarter than their leaders, sparing us all a much nastier war.

L. W. KELLNER,
Elmhurst, Germany.

In Victory, Magnanimity

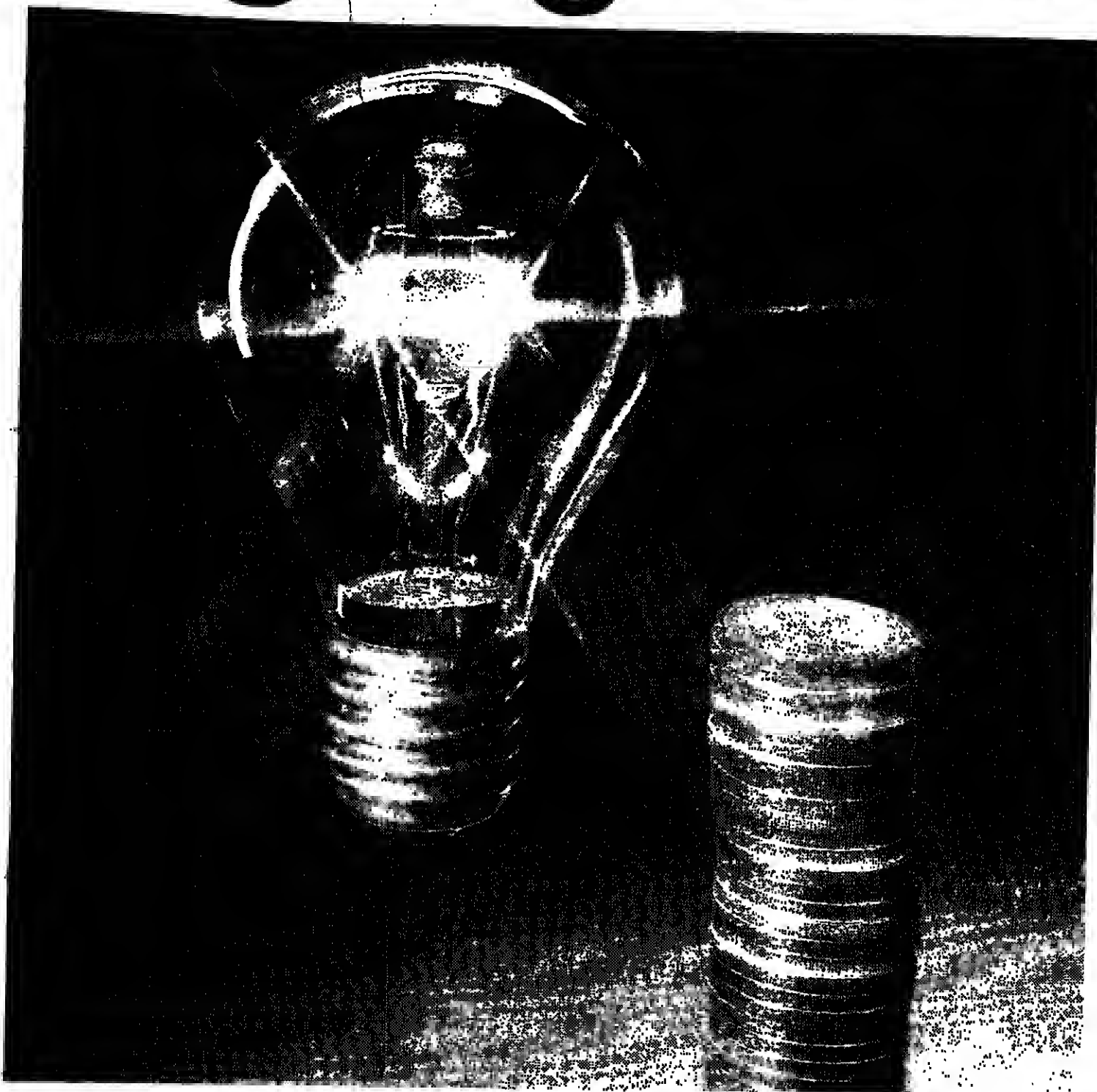
I would propose that the victors of the war express an enlightened magnanimity toward the Iraqi people, who have suffered incessantly and who have yet just cast off Saddam's regime of terror.

GREGORY BERGLUND,
La Grange, Illinois.

For information on how to have your fund listed, fax Simon OSBORN on (33-1) 46 37 52 12.

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Highlights of CeBIT 91



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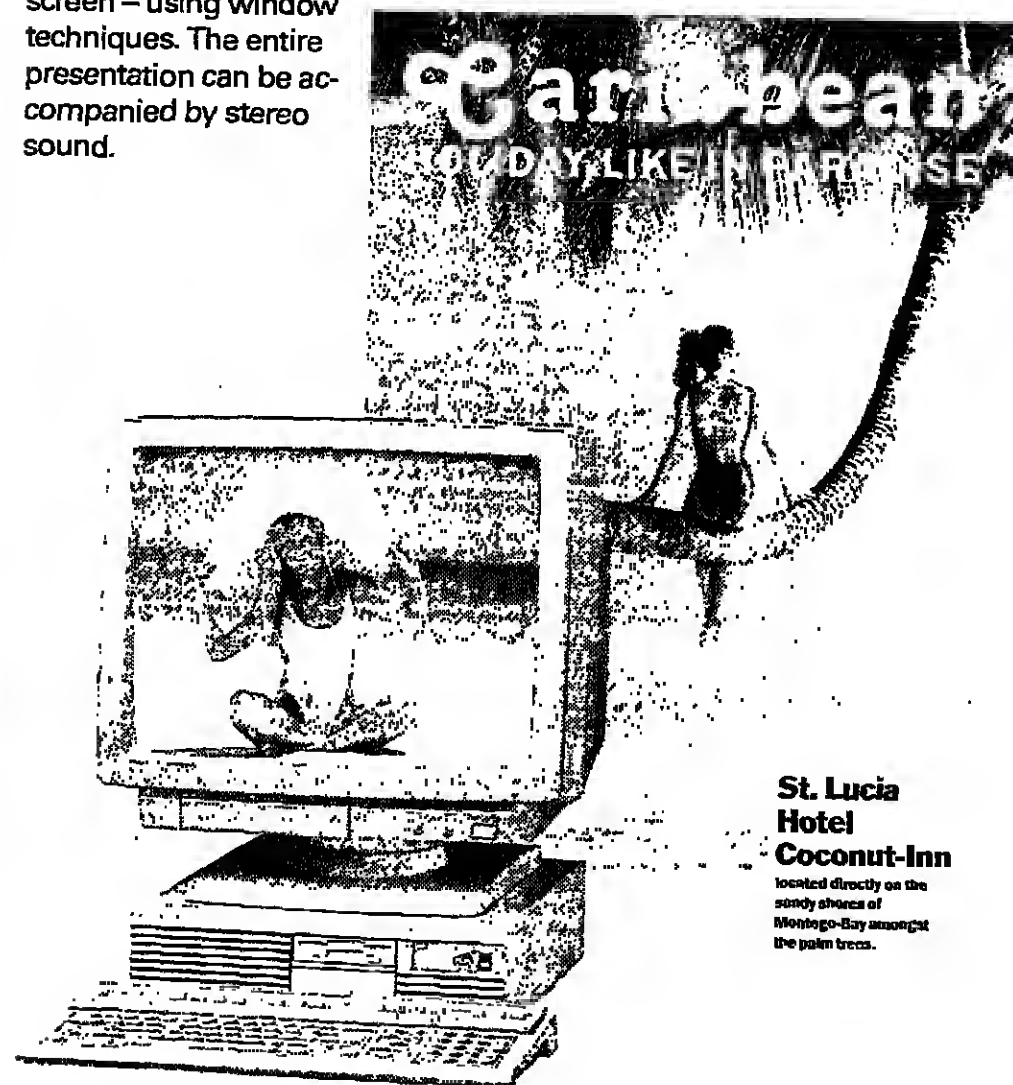
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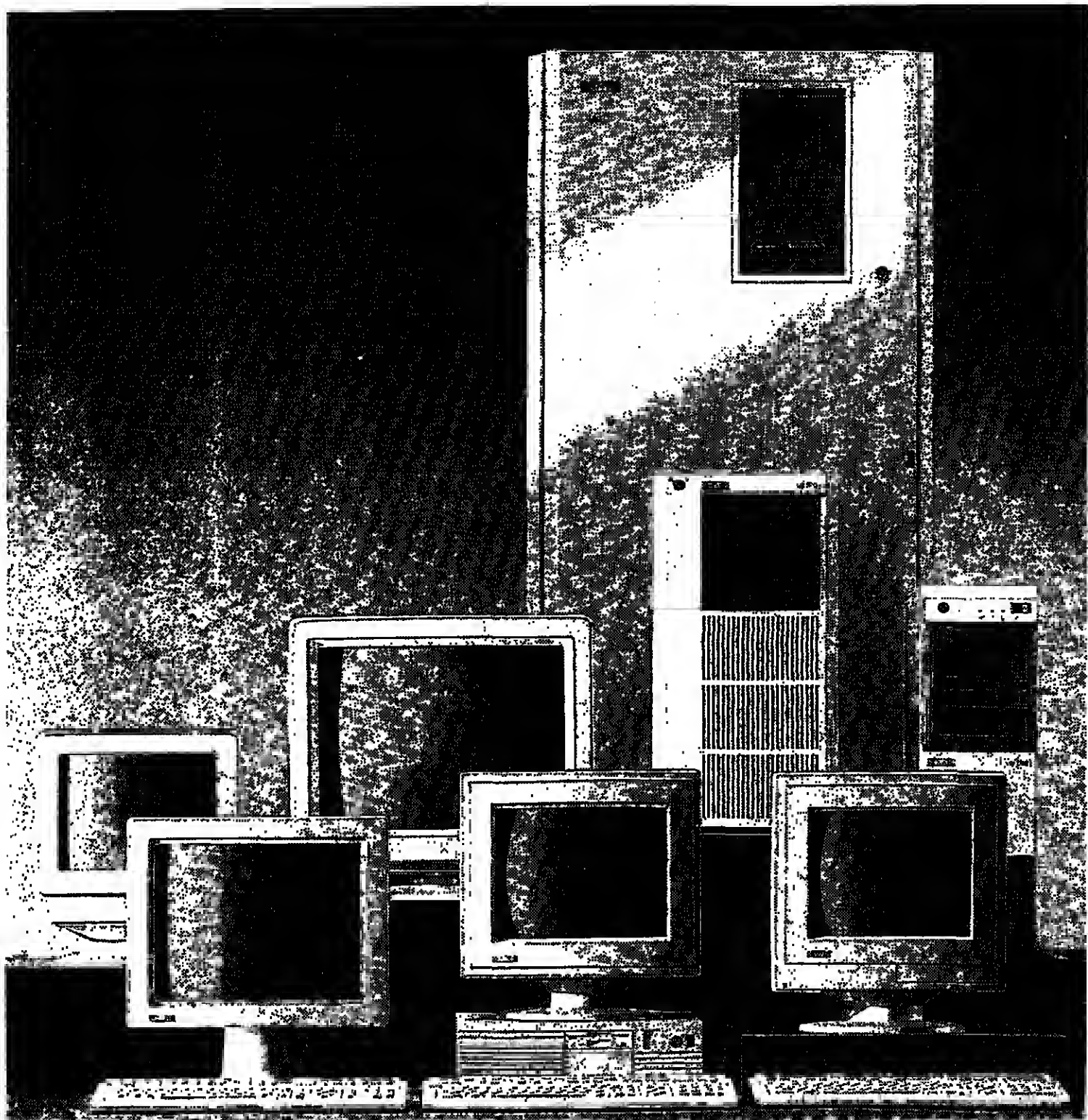
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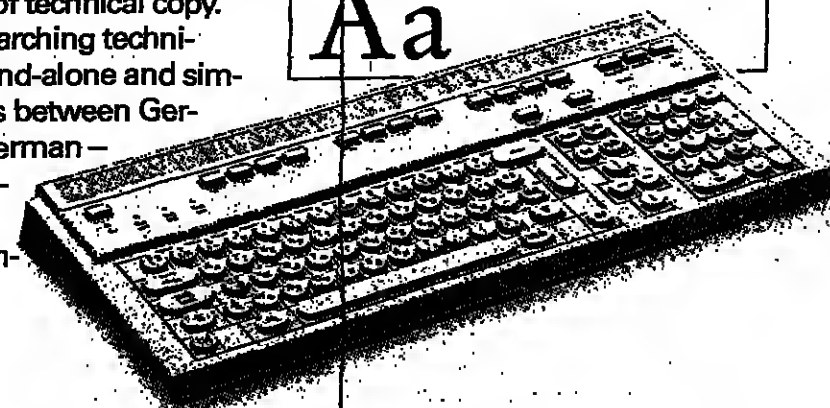
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Ââ Áá Ãã
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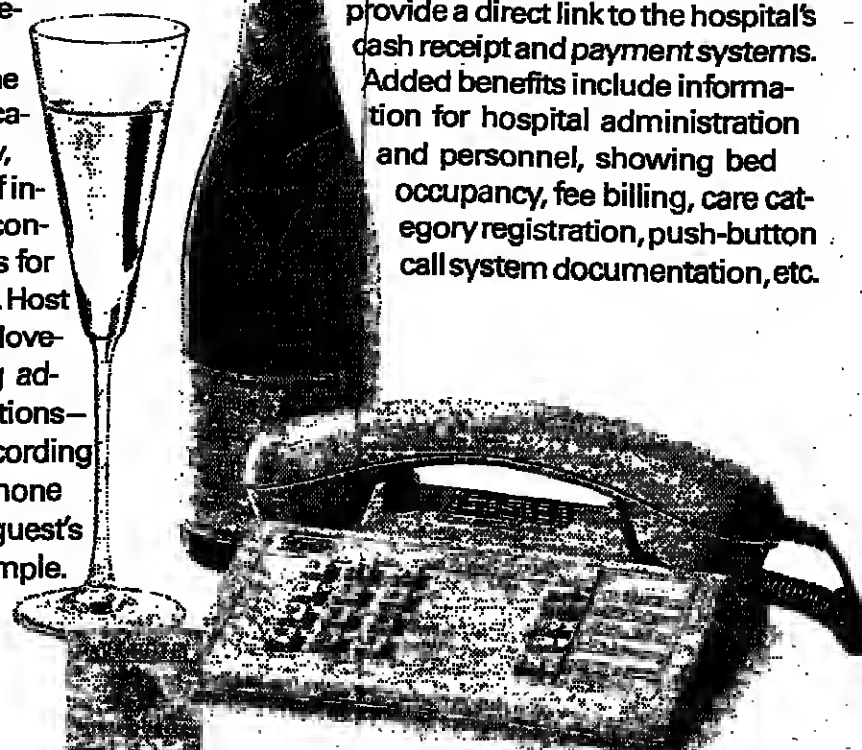


Siemens Nixdorf in Hall 1, Stand 5e2/5f1

First-class hotel communications and hotel-style comfort beside the hospital bed

APCat reception, point-of-sale terminals in restaurants and bars, order processing systems for more efficient management, back-office solutions for administration, and sophisticated telephones in hotel rooms. Using the latest communications technology, Siemens Nixdorf integrates it all in convenient solutions for hotels of any size. Host computers can dovetail with existing administrative solutions – automatically recording Pay-TV and telephone charges on each guest's account, for example.

The company uses the same principle to integrate communications in hospitals. An easy-to-operate telephone beside the patient's bed can offer luxury functions, such as nurse call, Pay-TV and meal orders, and provide a direct link to the hospital's cash receipt and payment systems. Added benefits include information for hospital administration and personnel, showing bed occupancy, fee billing, care category registration, push-button call system documentation, etc.





Siemens Nixdorf in Hall 1, Stand 5e2/5f1

Environmental information systems that help to protect the eco-system

Siemens Nixdorf can help public authorities to use information processing as the basis for effective and economical environmental protection.

An example is the Siemens Nixdorf environment database which can record regulations and information about handling, storing and transporting dangerous substances, sup-

porting expert knowledge and helping to reduce environmental risks.

Other Siemens Nixdorf systems can precisely measure and manage environmental data, evaluate it thematically and prepare its clear presentation for decision-makers at all levels.

The environment applications workstation can also be integrated with office functions.

Siemens Nixdorf in Hall 1, Stand 5e2/5f1

Networks for just-in-time merchandise orders and displays for just-in-time price marking



Two CeBIT highlights for the retail trade:

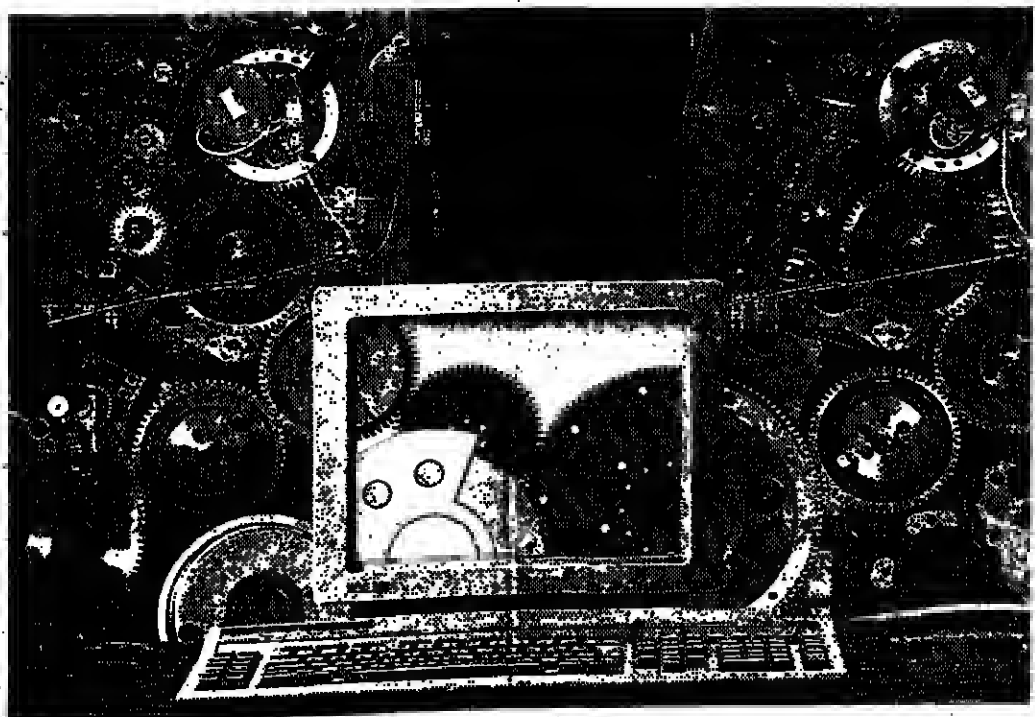
Siemens Nixdorf can link every retailing activity on an open network, from cordless point-of-sale and branch controllers in the back office, linked to branch and head office computers, through to data communication with suppliers.

The result: an integrated data flow that helps retailers to react quickly

to hot-sellers (and slow-movers) and make orders just-in-time.

Cordless just-in-time price marking can be completely controlled quickly and reliably at the point of sale, or from the store manager's back office PC.

At the CeBIT, Siemens Nixdorf is also showing new electronic price boards for fresh produce counters and digital displays for produce marking on the shelf.



Siemens Nixdorf in Hall 19, Stand A42/B41

CAE* systems to link office, design and factory

A computer system that handles CAE* consistently and efficiently — from draft proposals right through to final documentation — will be shown by Siemens Nixdorf in Hall 19. The focus will be on CAD applications for product development in mechanical engineering, electronics and electrical engineering.

The company will show solutions for two and three-dimensional mechanical engineering design, with new solutions for simulating movement and observing collisions, as

well as linking with production planning and NC programming. Siemens Nixdorf systems can design and prove electronics systems, and organize layout production and production planning. They can be used to develop electrical systems for buildings, from current flow plans through to construction planning.

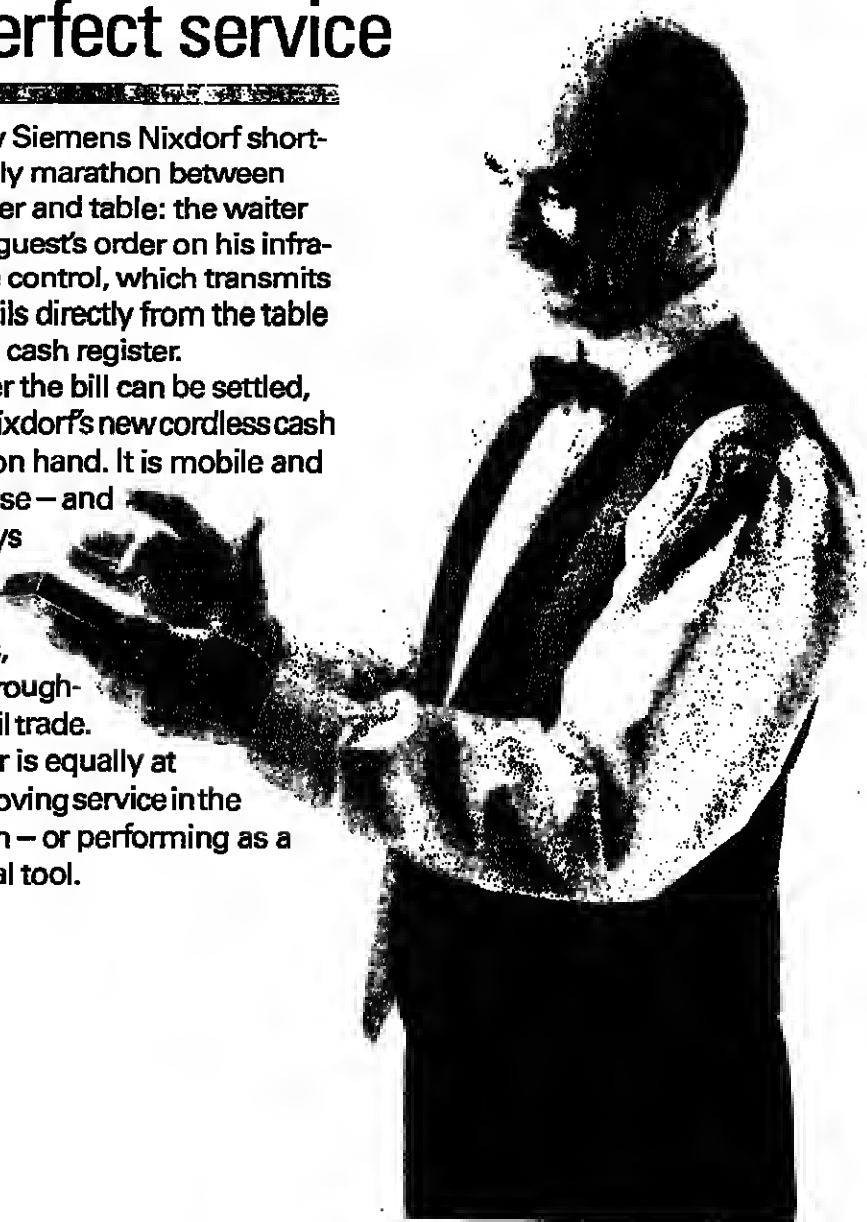
Siemens Nixdorf offers a complete CAE environment, including technical documentation, electronic archiving and links to accounting applications.

Siemens Nixdorf in Hall 1, Stand 5e2/5f1

The remote control for waiters and the cordless cash register for perfect service

This is how Siemens Nixdorf shortens the daily marathon between cash register and table: the waiter enters the guest's order on his infrared remote control, which transmits all the details directly from the table to a central cash register.

Wherever the bill can be settled, Siemens Nixdorf's new cordless cash register is on hand. It is mobile and simple to use — and it easily pays for itself in hotels and restaurants, as well as throughout the retail trade. The register is equally at home improving service in the beer garden — or performing as a promotional tool.



SIEMENS NIXDORF

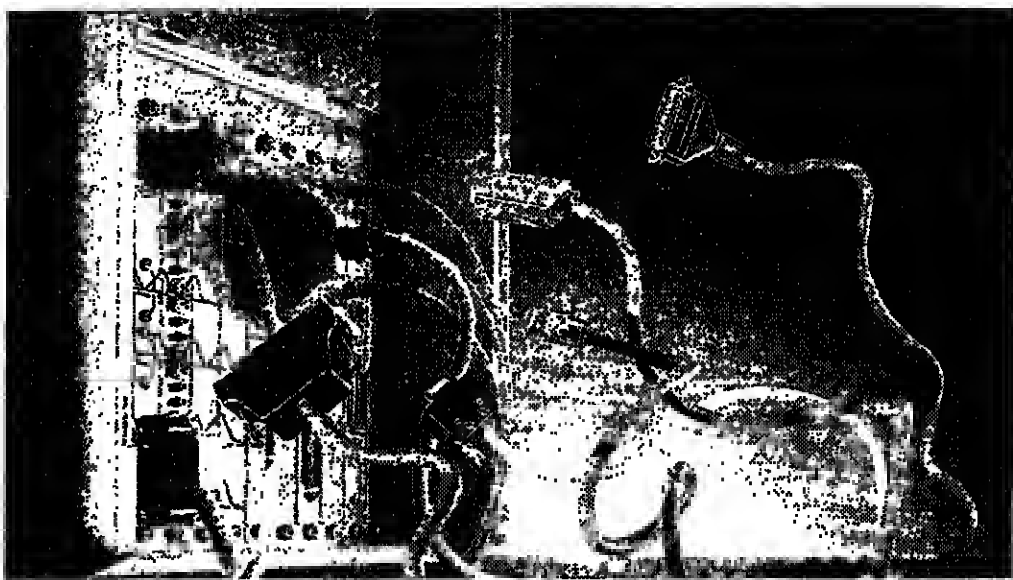
Siemens Nixdorf in Hall 1, Stand 5f2/5g1

System integration with competitors' products

As Europe's largest computer company with products ranging from the most powerful PC to the fastest mainframe computer, and from a stand-alone program to a company-wide solution, Siemens Nixdorf has the strength and confidence to bring together what belongs together: its own range of products and a healthy measure of objectivity

in consultancy and system advising — even if that means integrating systems with those of other computer manufacturers.

Siemens Nixdorf is committed to keeping its customer's options open and protecting their investment in technology, by flexibly developing existing solutions, and building a secure bridge to future technologies and system architectures.



Siemens Nixdorf in Hall 2, Special banking show

Creative banking services and intelligent banking networks



Banks which use Siemens Nixdorf's Customer Service Center (CSC) can offer customers much more than 24-hour cash and account information.

They can also benefit from, for example, individual service information, money transfers, ordering cheques, savings book processing, credit counselling, up-to-date share price information and making appointments for personal advice.

Siemens Nixdorf's branch solution shows how a bank branch can become an efficient point-of-sale. BNC and MXB computers, workstations, peripherals and a comprehensive range of innovative client/server applications transmit the latest data for individual counselling and service to branch workstations and self-service systems.



Siemens Nixdorf in Hall 1, Stand 6a2/6b1

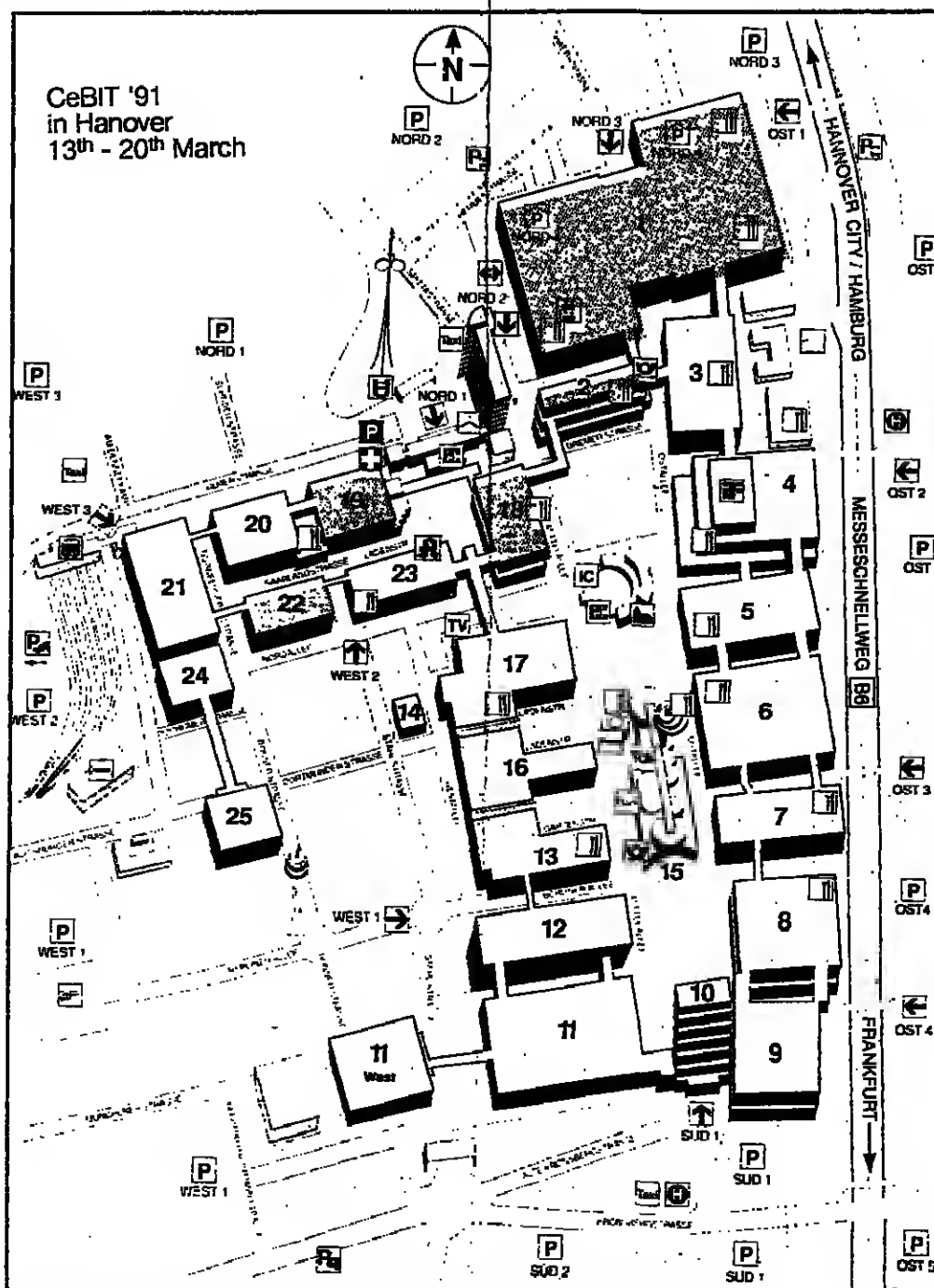
The flexibility of our Qualified Partners and the strategy of a multinational company

"Synergy at work" also applies to the cooperation between Siemens Nixdorf and its distributors: qualified software houses offer their customers vertical and branch-overlapping applications which run on Siemens Nixdorf PC or SINIX® systems.

In Hall 1, Stand 6a2, 6b1, you can get to know Siemens Nixdorf partners: for example, for the manufac-

turing industry, suppliers to the automotive industry, for production planning and control, for time and personnel management, for purchase order processing and warehousing. For metalworking, auxiliary building, electrical and wholesale, heating, air-conditioning and sanitary trades, pharmacies and hospitals, local administrations, public authorities, associations, notaries and advertising agencies.

Siemens Nixdorf at the CeBIT '91



Hall 1: System and solutions stand
Integrated information processing, system and system-
near software, application software, office solutions,
consulting, data communications, networks, computer
systems from PC to the host computer, integrated solu-
tions with ISDN systems, print systems.
Hall 1: Qualified Partner stand
Solutions from Siemens Nixdorf's contract partners,
PCs, multi-terminal systems, office solutions.

Hall 2: Banking special show
Self-service systems, office solutions, branch systems
and applications on BS2000 computers, networks.
Hall 18: The reliable computing center
Information security, data management, DP automation.
Hall 19: CAE
Computer Aided Engineering, workstations.
Hall 22: Opportunities 2000
Education and training.

Robert F. Hubner
Publisher

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February 1991

Mr Lee Huebner
International Herald Tribune
181 Avenue Charles de Gaulle
92521 Neuilly Cedex
France

Dear Lee

1991 Reader Survey

Thank you once again for choosing RSL to undertake the International Herald Tribune's Reader Survey.

Your readers may be confident that their replies will be treated with the strictest confidentiality. The survey will be undertaken within the strict rules laid down by the ESOMAR/TCC code of conduct, which governs bona fide international market research.

Information relating to individual replies will be analysed in a statistical form only. No personal information will be passed to anyone outside our organisation. Where readers choose to give their names and addresses this information will be used solely for conducting further research on behalf of the International Herald Tribune.

Each reply received by RSL will qualify for \$1.00 donation to their selected charity.

The total value of this charitable contribution will be announced when you publish the survey results. Last time we raised \$11,000 for charity; we hope that, with the co-operation of your readers, we will do even better this year!

With best wishes

Yours sincerely

Dawn Mitchell
Dawn Mitchell
Chairman & Chief Executive

AM
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TO OUR READERS

Since 1979,
the International
Herald Tribune
has donated more than
\$47,000
to charity on
behalf of you, our
readers in connection
with periodic reader
studies like this one.

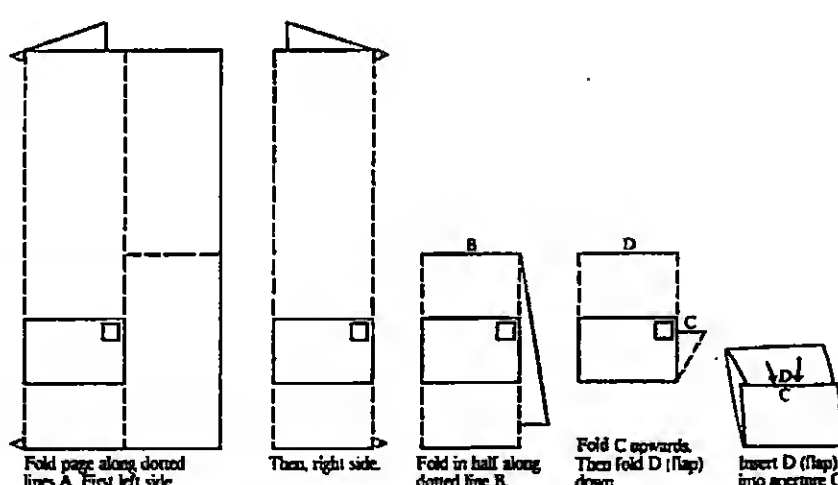
Please help
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completing and
forwarding
the questionnaire on
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this sheet.

Our warmest thanks to
you for your help.

**INTERNATIONAL
Herald Tribune**

Published 1991 The New York Times and The Washington Post

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Insert D (flap) into aperture C.

AFFIX
STAMP
HERE

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RESEARCH SERVICES HOUSE,
ELMGROVE ROAD,
HARROW HA1 2QG.
ENGLAND

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If you have any comments, you would like to make to the publisher or the editor of the International Herald Tribune, please feel free to do so on the other side of this sheet.

INTERNATIONAL
Focusing the Co
on the Environ

NEW YORK — The United Nations Conference on Environment and Development (UNCED) is expected to open in Rio de Janeiro next week. The conference is the first of its kind, bringing together heads of state and government leaders from all over the world to discuss environmental issues. The conference is expected to be a landmark event in the history of international environmental cooperation. It is expected that the conference will lead to the adoption of a new global agreement on environmental protection. The conference is expected to be a landmark event in the history of international environmental cooperation. It is expected that the conference will lead to the adoption of a new global agreement on environmental protection.

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CURRENCY RATES

Currency	Per \$	Per £	Per ¥	Per ₪	Per ₪
Australian dollar	0.75	0.50	100.00	1.00	1.00
Canadian dollar	0.75	0.50	100.00	1.00	1.00
Deutsche mark	1.50	1.00	100.00	1.00	1.00
French franc	6.50	4.00	100.00	1.00	1.00
Italian lira	200.00	120.00	100.00	1.00	1.00
Japanese yen	100.00	600.00	100.00	1.00	1.00
Swiss franc	1.50	1.00	100.00	1.00	1.00
U.S. dollar	1.00	0.75	100.00	1.00	1.00

INTEREST RATES

Currency	1 month	3 months	6 months	1 year
Australian dollar	10.00%	10.00%	10.00%	10.00%
Canadian dollar	10.00%	10.00%	10.00%	10.00%
Deutsche mark	10.00%	10.00%	10.00%	10.00%
French franc	10.00%	10.00%	10.00%	10.00%
Italian lira	10.00%	10.00%	10.00%	10.00%
Japanese yen	10.00%	10.00%	10.00%	10.00%
Swiss franc	10.00%	10.00%	10.00%	10.00%
U.S. dollar	10.00%	10.00%	10.00%	10.00%

Money Rates

Currency	1 month	3 months	6 months	1 year
Australian dollar	10.00%	10.00%	10.00%	10.00%
Canadian dollar	10.00%	10.00%	10.00%	10.00%
Deutsche mark	10.00%	10.00%	10.00%	10.00%
French franc	10.00%	10.00%	10.00%	10.00%
Italian lira	10.00%	10.00%	10.00%	10.00%
Japanese yen	10.00%	10.00%	10.00%	10.00%
Swiss franc	10.00%	10.00%	10.00%	10.00%
U.S. dollar	10.00%	10.00%	10.00%	10.00%

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Herald Tribune BUSINESS/FINANCE

THURSDAY, MARCH 7, 1991

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INTERNATIONAL MANAGER

Focusing the Company On the Environment

By Claudia H. Deutsch
New York Times Service

NEW YORK — Last summer, International Business Machines Corp. took a giant step backward — on purpose. Years earlier, it had decentralized responsibility for environmental matters. Then, on July 1, it appointed Arthur J. Hedge Jr., a corporate officer who had run the real estate and construction departments, to the new job of vice president of environmental health and safety.

It gave him a staff of roughly 30 people culled from such disparate departments as real estate, personnel, legal and energy. And it charged the new group, which is based at IBM's headquarters in Armonk, New York, with insuring that corporate environmental policy is carried out.

"We needed one high-level group to focus our environmental efforts, and to send a clear signal that management cares about the environment," Mr. Hedge said.

IBM is one of many U.S. companies that are upgrading the size and status of their headquarters' environmental staffs. "Companies want people who can find the common thread between technological, legal and public relations needs," said Bruce Piasicki, associate professor of environmental management at Rensselaer Polytechnic Institute in Troy, New York.

They also want people who will not be cowed by plant managers who are more concerned with production than pollution. "Environmental people who report to someone above the plant manager are immune to politics," said William Alford, a New York recruiter who specializes in environmental jobs.

There are many reasons this is happening now. Companies still want to push decision-making as far down the line as possible. But they also want corporate-wide pollution-control programs.

They want environmental monitoring mechanisms that insurance underwriters will buy into. And they want to be sure that in a weak economy, headquarters' hands-off policies are not interpreted by plant managers as a go-ahead to press only for profits.

"The public has upped the ante, so we've upped the environmental function's clout," said Bruce W. Kahn, Du Pont Co.'s vice president of safety, health and environmental affairs.

INDEED, SINCE 1987, Du Pont has increased the number of environmental jobs at Wilmington, Delaware, headquarters to 11 from 3, installed a more formal environmental audit process and tightened criteria for joining the environmental staff.

Environment has a higher profile around Delacort Corp.'s Cambridge, Massachusetts, headquarters, too. Four years ago, Polaris added a senior manager in manufacturing to control generation of toxic waste and another in research, to see that new processes are environmentally sound. A few months ago, it added a senior marketing person to see that Polaris products and packages do not cause a solid-waste problem.

Polaris now is installing a complex auditing system that will check not only that plants are in compliance with environmental policies, but also that their management systems promote environmental and safety concerns.

Auditing certainly is getting special attention at the headquarters of Ciba-Geigy Corp., the U.S. affiliate of the Swiss pharmaceutical company, in Ardsley, New York. Two years ago, Ciba-Geigy Corp. put all of its environmental auditors into a stand-alone group that reports to the chief executive.

"Just like you don't want financial auditors to audit their own bookkeeping, you don't want environmental auditors to judge their own technical decisions," said Joseph T. Sullivan, the senior vice president who oversees the group that helps the plant managers comply with environmental policies.

Apparently, the separation makes a difference. At one plant, plant managers, lawyers and engineers all agreed on a particular solvent's safety. The environmental auditors disagreed — and the plant people redesigned a process to eliminate the solvent.

IEA Halts Oil Stock Releases

Agency to Weigh A Dialogue With OPEC Producers

By Steven Greenhouse
New York Times Service

PARIS — The International Energy Agency decided Wednesday to end an emergency program in which the major industrial countries sold oil from their strategic reserves to ensure sufficient supplies during the Gulf war.

The agency, which represents industrial oil-importing nations, also will soon discuss whether to begin a dialogue with the Organization of Petroleum Exporting Countries, said Geoffrey Chipperfield, chairman of the agency's governing board. He declined to say what such a dialogue would involve.

OPEC officials have long urged a dialogue with some members suggesting that industrial nations might help build and finance new refineries if OPEC members promised to ensure a steady supply of oil.

In suspending its emergency program, officials from the Paris-based IEA said they were confident oil supplies would remain sufficient for the short term, even if it takes a long time for Kuwait and Iraqi oil fields to come back on stream.

Under the plan, which took effect Jan. 17, governments were to make available an extra 2 million barrels of oil a day from their reserves, and take conservation measures to reduce consumption by an additional 400,000 barrels a day.

It was the first time in the agency's 17-year history that governments of the industrial world implemented an emergency program of drawing from reserves to reassure markets.

"The plan certainly was a success," Mr. Chipperfield said. "There was no shortage of supplies. The markets were reassured."

Oil analysts say the agency's plan of releasing stocks — along with the success of the anti-inflation coalition in defending Saudi oil fields — helped drive down oil prices from about \$30 a barrel last year to under \$20 a barrel now.

[Late Wednesday, April futures for North Sea Brent, the international benchmark crude, were down 14 cents at \$19.36 a barrel in London, Reuters reported.]

According to an IEA's monthly report, released Wednesday, world oil consumption — excluding demand in what had been the Soviet bloc — will be 54.3 million barrels a day in the first quarter, up from 53.7 million in last year's first quarter. The agency said oil supplies would be 53.5 million barrels a day in this quarter.

This means that oil stocks will be reduced by about 800,000 barrels a day, which agency officials said was not at all worrisome. They said that stocks are usually built up in the third and fourth quarters, and that in the first quarter, stocks are usually reduced by more than 1 million barrels a day.

Quincy Lusden, the agency's chief economist, predicted that in the 1990s, world oil consumption would increase by 1.5 percent to 2 percent a year, with demand rising about 1 percent a year in the industrial world and 3 percent a year in the developing world.

Germany's East: Bleaker Yet

Compiled by Our Staff From Dispatches

BONN — Unemployment in eastern Germany has climbed to new highs and an end to the region's obstinate economic travails is not yet in view, a government official said Wednesday.

About 2.69 million people — nearly one-third of the former communist state's work force — were either without a job or were working drastically reduced hours at the end of February, said Heinrich Franke, head of the Federal Labor Office in Nuremberg.

That is 92,800 more than in January, he said. The labor office said that 786,992 eastern Germans, or 8.9 percent of the work force, had no work at all in February. An additional 1.9 million eastern Germans were registered on short-time work, a government-funded halfway house between employment and joblessness.

This compared with total unemployment in former West Germany in February of 1.87 million, or 7 percent. The jobless rate was unchanged from January.

People are losing their jobs en masse as antiquated factories and businesses fall victim to eastern Germany's troubled transformation to capitalism. "An end to this process at this time is not yet in view," Mr. Franke said.

He said that, contrary to predictions made earlier this year, an economic turnaround might not occur until 1992. Before that happens, however, Western capitalists must show greater interest in investing in the crumbling part of united Germany, Mr. Franke said.

Along with unemployment, social unrest is also mounting in the former communist state. Legions of eastern Germans have taken to the streets in recent weeks to protest their economic plight. Tens of thousands more have staged warning strikes.

Chancellor Helmut Kohl is clearly worried about eastern Germany's continuing economic slide. Dieter Vogel, Mr. Kohl's spokesman, said a joint effort by political, economic, labor and employee powers "are needed to rescue former East Germany."

Mr. Franke predicted that up to 200,000 east Germans will migrate to prosperous western Germany this year to escape their homeland's economic chaos. He also said that about 300,000 people from the eastern region are commuting to jobs in western Germany every day.

Mr. Kohl's Cabinet met Wednesday to discuss eastern Germany's economic woes.

He has come under fire from Germans after deciding to increase taxes to help pay for eastern Germany's reconstruction. Before the Dec. 2 national election he won, Mr. Kohl promised voters that tax increases would not be necessary.

The opposition Social Democratic Party said

Treuhand Prepares To Unify Zeiss

Reuter

ERFURT, Germany — Germany's Treuhandschaftsprivatization agency on Wednesday announced a major deal that could pave the way for the two halves of the optics maker Carl Zeiss to reunite after over 40 years of forced separation.

Eastern Germany's Thuringia state said the Treuhand agreed to write off the huge debts of Jenoptik Carl Zeiss Jena and pay for the dismissal of workers in order to spur a takeover by western Germany's Carl Zeiss Oberkochen.

Carl Zeiss Jena has been hit by free-market forces since German unification last year. It will have to lay off thousands of workers and find a western buyer to survive.

The Thuringia economics minister, Hans-Jürgen Scholz, said, "The chances for a positive outcome in the negotiations have certainly risen with the Treuhand's offer."

Carl Zeiss Oberkochen had been prepared to absorb Carl Zeiss Jena, but wanted to slash its work force from 27,000 to 5,000 and have the Treuhand swallow all debts. Industry sources said such a deal could cost 2 billion Deutsche marks (\$1.3 billion).

The Treuhand agreed to transfer control of the charitable trust that runs Carl Zeiss Jena to the Thuringia government from April 1.

Mr. Scholz said he hoped Thuringia — one of five east German states whose economies have plunged into depression since unification — could save 10,000 to 12,000 jobs in talks with Carl Zeiss Oberkochen that began on Monday.

Bonn had been too slow to implement damage-control mechanisms and warned that increasing numbers of eastern Germans were fleeing to the western part of the country in desperation.

Rolf Schneider, head of Dresdner Bank AG's forecasting unit, said unemployment would continue to rise sharply this year. But the number of short-time workers would first stagnate and then decline in the second half of the year as more and more of these workers actually lost their jobs.

The Bonn government's annual economic report forecasts average unemployment in the east at between 1.1 and 1.4 million in 1991, with a possible surge to 2 million not ruled out, the Süddeutsche Zeitung newspaper reported Tuesday.

Since July 1990, when the economies of the two Germanys were merged, 924,500 workers had registered for unemployment benefits. Only 279,600 had found new jobs since then. (AP, Reuters)

Omni Collapses As Banks Force Protection Move

By Leigh Bruce
International Herald Tribune

The creditors of the Swiss conglomerate Omni Holding AG, which is controlled by the controversial financier Werner Rey, pulled the plug on the heavily indebted company Wednesday, triggering a collapse of its share price on the Zurich stock exchange.

The announcement that the group had applied for court protection from its creditors capped the downfall of a company that until recently had been widely admired for its bold financial maneuvers.

Omni's stock plunged 380 Swiss francs (\$286), or 59 percent, to 260 francs. The stock reached its peak of 1,420 francs in 1989.

"It had to happen sooner or later," said Felicity Smith, an analyst with the Hoare Govett brokerage. "Werner Rey has made lots of acquisitions and financed them through borrowings made possible by an inflated share price."

Mr. Rey also announced his resignation as president of Omni's supervisory board, only days after leaving the post of chief executive.

Trading in Omni's shares had been suspended since last Thursday to give the company a breathing space to sort out its problems. The group, which controls the second-largest employment company in the world, Adia AG, has run up debts of 3 billion Swiss francs on assets that Omni claims are worth 4 billion francs, through a series of big acquisitions in recent years.

Analysts pointed out that under Swiss accounting regulations, a company's assets do not have to be revalued at the end of each year. In today's economic climate, Mr. Rey's claimed asset values were simply no longer credible.

Although Omni had been making some progress toward raising cash through asset disposals, analysts said the banks lost patience and forced Mr. Rey to opt for the equivalent of a Chapter 11 bankruptcy filing in the United States.

They said the group's creditors, mainly big Swiss banks, decided to pull the plug to make sure their loans would be secure at the expense of the shareholders.

With the banks first in line to be reimbursed under the bankruptcy proceedings, many small shareholders as well as some Swiss and German institutions apparently decided to pull out, leading to the share-price collapse.

"I only wonder why it took them so long," said one analyst, who spoke on condition of anonymity. "You only needed to do the sums and look at the balance sheet to see how much of a house of cards it was."

Ms. Smith of Hoare Govett said Omni had depended on a high share price to finance Mr. Rey's many deals. "Rising interest rates made his existing debts more expensive, and the fall in the share price made it impossible for him to raise more debt," she noted.

In many respects, Omni's troubles resembled the collapse last October of Polly Peck International PLC, the British-based conglomerate that the Turkish-Cypriot entrepreneur Asil Nadir built with debt and a once-stellar stock price.

The court-appointed administrators of Polly Peck have since struggled to clean up that company's tangled affairs, in what could be a harbinger for Omni. Unlike the Polly Peck case, however, most of Omni's shareholders had advance warning of the group's troubles.

Omni took control of Adia by purchasing a 53 percent stake two years ago. Its other prize investments are a 30 percent stake in the machinery firm Sulzer AG and 54

See OMNI, Page 14

Cutting Inflation Is Portugal's Price for EC Gains

By Julie Sell
International Herald Tribune

LISBON — With the prospect of closer European economic integration looming, Portugal is concentrating on bringing down soaring inflation and restoring healthy growth in order to try to keep pace with its European Community partners.

Leading government officials told foreign business executives attending an economic conference here that fighting inflation is a top priority.

The rate of inflation in Portugal was 13.4 percent in 1990, up from 12.6 percent in 1989. That was about eight percentage points above the EC average.

According to officials and private economists, the turnaround appears to have begun. The inflation rate has shown a drop in the past three months, and forecasts now suggest a 1991 rate of 10 percent to 12 percent.

The governor of the Bank of Portugal, José Alberto Tavares Moreira, said the government must bring the inflation rate down at least five or six percentage points within the next two to three years, which he said is the longest Portugal can wait to integrate its currency into the exchange-rate mechanism of the European Monetary System.

The government fears Portugal could be left out of the Community's move to economic and monetary union if it does not join the mechanism as soon as possible, but Portugal also cannot risk joining the currency grid before inflation is on a steady downward trend. If Portugal joins too soon, locking in the escudo at too high a rate, Portuguese exports risk becoming uncompetitive.

Miguel Narmorado Rosa, an economist with Banco Commercial Português, said the policies of Prime Minister Aníbal Cavaco Silva have radically improved Portugal's competitiveness as the Community's post-1992 single market approaches.

"Five or six years ago, I would have said 'no' for sure" to Portugal's prospects of participating in closer EC integration, Mr. Narmorado Rosa said. But now, he said with confidence, "There will be room for us in the single market."

The economist, who previously forecast a 14 percent inflation rate in 1991, has revised his forecast to 11 percent to 12 percent. He credited high real interest rates — bank lending rates are now around 22 percent — with cutting domestic demand, a primary source of the country's inflation.

"We have to keep them high," said Mr. Tavares Moreira, the central bank chief. Because of rising prices, the country's labor unions have been pushing for higher wage settlements with the government this year, a call that Mr. Tavares Moreira said must be resisted.

Real wages in Portugal increased only 1.1 percent a year in 1988 and 1989. But high employment levels and strong corporate profits combined to push real wage increases to about 2.4 percent in 1990, and pressures

for substantial wage increases are expected to continue.

National elections scheduled for October may tempt the government to strike a wage deal with labor leaders, but Mr. Narmorado Rosa said it would be unwise to "trade off" the battle against inflation for a concession on higher wages.

Mr. Tavares Moreira discounted a suggestion that rising labor and other costs in Portugal are reducing its attractiveness to foreign investors and narrowing the cost gap with countries like Spain. "We are still far from that level," he said.

Business executives attending the economic conference said they were optimistic about Portugal's prospects.

"There seems to be a solid grasp of those things that need to be done to prepare Portugal for 1993," Edward L. Springer, managing director of General Motors of Portugal, said after hearing top government officials speak.

In his view, the government's "positive attitude toward foreign investment" is a major part of the country's appeal. For GM, which manufactures cars and components primarily for export from Portugal, another major advantage is "readily available, skilled and loyal labor."

If labor costs were to rise "significantly" in Portugal, GM might "reconsider" its investment in the country and could look to newly liberalized countries in Eastern Europe like Hungary and Czechoslovakia, he said.

But, he hastened to add, Portugal still held

a clear advantage over those countries, partly because of strong gains in productivity.

Mr. Tavares Moreira, the central banker, said "the quality of investment has to be improved" in Portugal. The government's exchange-rate policy, which allows the escudo to fluctuate in a wide band, is one way to put pressure on low-quality producers, he said.

Under the government's previous policy, there was almost daily central bank intervention in the foreign-exchange market. With the new policy, which Mr. Tavares Moreira said is "warming up" to ERM membership, the escudo has appreciated substantially.

In this situation, he said "low-quality investors have no chance." Now, he added, "their competitiveness has to be gained by efficiency, not by exchange-rate help."

Although many sectors of the Portuguese economy have adapted to the newly competitive climate, others are struggling. Mr. Narmorado Rosa said agriculture is "a critical sector" that is suffering and will continue to do so. "I don't think our Portuguese farmers can be competitive in the Common Market," he said.

The textile and wood industries are also suffering as the cost of their inputs rises.

The areas the government considers of greatest potential for development and foreign investment include information technologies and electronics, biotechnology and pharmaceuticals, plastics and the manufacture of cars and car components.

NEC, Unisys Offer Computers Claiming New Speed Records

Compiled by Our Staff From Dispatches

TOKYO — Japan's NEC Corp. claimed Wednesday that it had taken the lead again in the competitive high-end computer market by developing the world's fastest general-purpose computer.

In the United States, meanwhile, Unisys Corp. unveiled new mainframe computers that it says are the fastest in the industry for online transaction-processing applications, such as airline reservation systems and automated bank teller machines.

Although analysts said the models are impressive technically, they expressed doubts that the machines would boost business sales at Unisys or NEC.

At NEC, Executive Vice President Yoshitaka Ishii said the company's new ACOS 3900 mainframes use technology developed for its high-speed supercomputers.

Eight versions of the 3900 series will be available, containing between one and eight processors. The eight-processor model can execute up to 700 million instructions per second, or MIPS, in technical calculations, and will be marketed at the end of 1992, NEC said.

"We now have introduced both the world's fastest supercomputer, the SX-3, and the fastest mainframe," Mr. Ishii told reporters.

Last June, Hitachi Ltd. announced a mainframe capable of 155 MIPS. In July, NEC announced one rated at 600 MIPS, followed by the introduction of Fujitsu in September of one capable of 600 MIPS. A day later, International Business Machines Corp.

presented a new mainframe lineup that analysts estimated is capable of up to 230 MIPS.

Unlike Fujitsu and Hitachi, NEC's mainframes use a different operating system than IBM's, making direct comparisons of processing speeds difficult. Also, as with any mainframe, operating speed slows with heavy data retrieval and use of other functions, NEC officials said.

The new models also can store and access up to 4 petabytes (quadrillion bytes) of data. A typical English-language newspaper would have to be published for 6 million years to amass that much data, it said.

NEC expects to sell 350 of the 3900 computers over the next five years. Of that, about 250 will be sold overseas under the Bull name by Bull SA of France and Bull HN Information Systems Inc. of the United States, it said.

The eight-processor model will rent in Japan for 384 million yen (\$2.8 million) a month, the company said.

The machines' prospects could be hurt by the fact that they are not compatible with models made by IBM, the leader in the mainframe market, analysts said.

"Even though NEC has introduced such a fast mainframe computer, it will be very hard for them to increase their market share," said Masahiro Ishino, an analyst at the Yamaguchi Research Institute.

The improved performance, however, should allow NEC to maintain its current fifth-place share in Japan's high-end mainframe market. NEC has about an 8

percent of that market in Japan. Its share overseas is minuscule.

In New York, Unisys introduced a new line powered by a processor that can handle 51 MIPS, according to David Card of International Data Corp., a high-tech research firm. The top version in the line will contain six processors and will be available in late 1992, but other versions will be shipped beginning in the third quarter of this year.

Unisys says its machines will be the fastest according to benchmarks established by an industry group called the Transaction Processing Council.

The prices of the new models will range from \$5.38 million to \$26 million.

Also Wednesday, Fujitsu, Japan's largest computer maker, unveiled a new line of inexpensive supercomputers.

The machines, far cheaper but less powerful than Fujitsu's top-of-the-line models, are aimed at growing demand from financial engineering and manufacturing industries, said Takao Kikukawa, a deputy general manager of Fujitsu's marketing group.

The new machines will compete against mini-supercomputers sold by two U.S. companies — Convex Computer Corp. and Alliant Computer Systems Corp. — but market analysts may be limited because Fujitsu's models are relatively expensive for the processing power they deliver, said Junichi Seki, an analyst at research company Dataquest Japan Ltd. (AP, Reuters)

Analyst Trumps The Donald

By Robert J. McCartney
Washington Post Service

NEW YORK — The casino analyst who lost his job because Donald Trump complained about his work has obtained \$750,000-worth of revenge from the Philadelphia brokerage firm that dismissed him.

A New York Stock Exchange arbitration panel granted the unusually large cash award to the former analyst, Marvin B. Roffman, after ruling that his firm, Jamney Montgomery Scott Inc., had unfairly dismissed him.

Mr. Roffman is to receive \$150,000 immediately, and then eight annual payments of \$75,000 ending in 1999. He was on a Caribbean cruise Tuesday and not available for comment.

The stock exchange panel made the award on Feb. 26, but it did not become public until Tuesday. The judgment did not directly involve Mr. Trump, but Mr. Roffman is seeking satisfaction from him as well. He has sued the New York developer for defamation and asked for more than \$2 million in damages in a case that is likely to come to trial in federal court in Philadelphia some time in the next few weeks.

Janney dismissed Mr. Roffman a year ago after Mr. Trump pressured the firm to punish him for predicting that the developer's newest Atlantic City casino, the Taj Mahal, was unlikely to earn a profit in the autumn when chilly weather began to keep away the gamblers.

Mr. Roffman, one of the first to signal that Mr. Trump was in financial difficulty, was originally quoted in The Wall Street

Journal in March 1990 as expressing severe reservations about the future of the Taj Mahal casino in Atlantic City.

The affair triggered a major public ruckus at the time because securities analysts like Mr. Roffman are supposed to provide investors with impartial advice and not be vulnerable to outside pressure.

One of Mr. Roffman's attorneys, Martin J. Sobol, said the

award and put the case behind us. He declined to comment further.

One of the great ironies of the case is that it turned out that Mr. Roffman lost his job for being right. Just as he had predicted, the Taj Mahal failed to rake in enough winnings in the autumn to meet the payments on the \$675 million in junk bonds that Mr. Trump had floated to finance it.

As a result, Mr. Trump, unable to make his payments, had to cut a deal with bondholders last year in which he agreed to hand over half of his stake in the lavish casino.

Mr. Trump plans to put the Taj Mahal temporarily in Chapter 11 bankruptcy proceedings later this spring in order to restructure the overvalued deal with the bondholders.

"This is a vindication for Marvin Roffman, but it is also a vindication for the investing public," said Scott L. Vernick, a lawyer for the Philadelphia firm of Fox, Rothschild, O'Brien & Frankel, which represented Mr. Roffman.

In the incident that triggered the controversy, Mr. Trump threatened to sue Janney unless Mr. Roffman were dismissed or unless he openly apologized for saying in a newspaper interview that the Taj might fail.

Janney forced him to sign a letter of apology, and Mr. Wilde said the firm felt it had to respond because Mr. Trump is "a very powerful person." When Mr. Roffman insisted on retracting the apology, Janney dismissed him.

CURRENCY RATES

Cross Rates										March 7	
	S	a	D.M.	F.F.	Lira	D.P.	S.F.	S.Y.	Yen	£	Peso
Australian dollar	1.705	1.705	1.57	3.075	128.9		5.675	19.22	12.75	1.295	1.415
British pound	1.632	1.632							1.32		
French franc	6.545	6.545									
German mark	1.366	1.366									
Italian lira	1.936	1.936									
Japanese yen	163.60	163.60									
Swiss franc	1.483	1.483									
U.S. dollar	0.746	0.746									
U.S. dollar (London)	0.746	0.746									
U.S. dollar (New York)	0.746	0.746									
U.S. dollar (Tokyo)	0.746	0.746									
U.S. dollar (Zurich)	0.746	0.746									
U.S. dollar (Frankfurt)	0.746	0.746									
U.S. dollar (Paris)	0.746	0.746									
U.S. dollar (Amsterdam)	0.746	0.746									
U.S. dollar (Brussels)	0.746	0.746									
U.S. dollar (Luxembourg)	0.746	0.746									
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MARKET DIARY

DOW: Stocks Rally Around Globe

(Continued from page 1)

U.S. recession by driving down interest rates.

Since the beginning of the year, nearly every equity market around the world has surged ahead, ranging from a gain of nearly 50 percent in Manila to advances of more than

N.Y. Stocks

10 percent in Japan, Germany, and the United States. Only South Korea and Indonesia have bucked the trend.

"It's a worldwide liquidity explosion," said J. Paul Horne, Paris-based international economist for the investment firm Smith Barney, Harris Upham & Co. "People are coming out of their foxholes."

For the first time in several years, foreign buyers are putting money into Wall Street, according to U.S. investors continue to look both inside the country and abroad for investment opportunities.

But Mr. Horne, like many other analysts, thinks the rally is likely to falter. "The advances are too hectic and occurred over too short a time," he said, adding that a likely rash of dismal earnings reports could usher in at least a temporary retreat.

In New York, the market opened sharply higher and the Dow Jones industrials briefly touched 3,000 at about 11:45 A.M. Prices retreated, but then climbed 3,000 again in the early afternoon before retreating again. The index closed at 2,973.27, up just 0.75 point.

The Dow industrials crossed

3,000 only once before in the middle of the day's trading July 16. The average set its record closing high that day at 2,999.75, matching it in the following session before turning downward.

"The stock market is drawing a lot of investor cash," said William Veronda, a fixed-income strategist at Financial Programs, a Denver investment firm. Still, he said, "It's far too premature to say that the recession is over."

European analysts also expressed skepticism about how long the market can continue to advance, but acknowledged that it is difficult to argue with recent results.

"The strength of this rally is pretty much unparalleled in recent years," said Richard Kersley, equity strategist at Barclays de Zoete Wedd.

European markets also drew sustenance from the recent revival of the U.S. dollar, which promises to ease the competitive pressures on European industry and provide help to European central banks in fighting inflation.

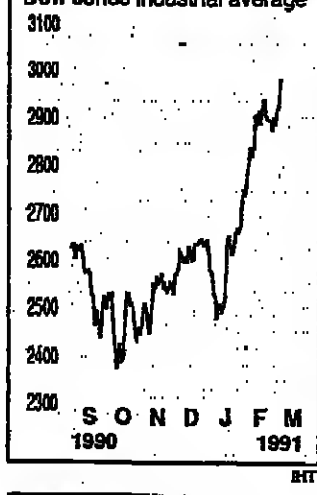
In a rally that spanned the Continent, both the Paris bourse and the Frankfurt exchange jumped sharply before profit takers took the edge off gains in late trading.

In New York, RJR Nabisco was the most active issue, up 4 to 104. Upjohn followed, sinking 3/4 to 41 1/4. Its joint venture with Chugai Pharmaceutical had planned to market Genetec's brand of an anti-anemia drug before an adverse court ruling Wednesday.

Via Associated Press March 6

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Active

Vol.	High	Low	Last	Chg.
RJR Nabisco	104	103 1/4	104	+4
Upjohn	41 1/4	41 1/4	41 1/4	-3/4
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2

AMEX Most Active

Vol.	High	Low	Last	Chg.
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2
Amgen	29 1/2	29 1/2	29 1/2	+1/2

NYSE Diary

Advanced	Declined	Unchanged
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
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1,104	1,104	1,104
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Amex Diary

Advanced	Declined	Unchanged
1,104	1,104	1,104
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NASDAQ Diary

Advanced	Declined	Unchanged
1,104	1,104	1,104
1,104	1,104	1,104
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1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104

Dow Jones Averages

Open	High	Low	Last	Chg.
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	2,973.27	+0.75

Standard & Poor's Indexes

High	Low	Close	Chg.
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85
451.4	451.4	451.4	+0.85

NYSE Indexes

High	Low	Close	Chg.
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75

NASDAQ Indexes

High	Low	Close	Chg.
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75

AMEX Stock Index

High	Low	Close	Chg.
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75
2,973.27	2,973.27	2,973.27	+0.75

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00

Market Sales

NYSE 4 a.m. volume	NYSE 4 a.m. volume
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27
2,973.27	2,973.27

N.Y.S.E. Odd-Lot Trading

Buy	Sell	Short
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104

Dividends

Company	Per Share	Pay Date
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15
Interstate General	0.10	3/15

NASDAQ Diary

Advanced	Declined	Unchanged
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104
1,104	1,104	1,104

European Futures

Open	High	Low	Last	Chg.
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00

COCA (F00)

Open	High	Low	Last	Chg.
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00
104.00	104.00	104.00	104.00	+0.00

COFFE (F00)

Starting per metric ton-lots of 5 tons					
Mar	\$40	\$44	\$44	\$26	\$21
May	\$64	\$45	\$71	\$47	\$44
Jul	\$77	\$78	\$87	\$65	\$60
Sep	\$97	\$96	\$94	\$80	\$79
Nov	\$13	\$15	\$12	\$40	\$92
Jan	\$15	\$24	\$24	\$10	\$08
Mar	\$28	\$37	N.T.	N.T.	\$20
Est. Sales \$489.					

SPORTS

Ben Johnson: PR on the Trail of a Comeback

By Marc Fisher
Washington Post Service

SINDELFFINGEN, Germany — He's "Back on Track" and he's yours if you still want him. For \$7, you can buy a poster of him churning down the track, his thick gold chain swinging in the breeze. For \$16, you can pick up his latest T-shirt. Or drink his very own Isopost energy drink for just \$1.

He's Ben Johnson and, oh yes, you can even watch him run once again. Back from a two-year suspension for failing a drug test at the 1988 Olympics in Seoul, Johnson is on a five-city, three-week European tour, making television appearances, sitting for interviews with just about anyone, doing, as he says, "so much PR, I'm just trying not to get tired out."

"How many questions have you had to answer on this tour?" a German reporter asked Johnson at the Sindelfingen meet Sunday.

Johnson glared. "Too many," he said. "I'm tired of traveling to all these cities."

It is, however, worth his while — to the tune of \$30,000 each time he runs. Since he started his comeback in Japan, Johnson, 29, has collected more

And It Pays, but Not as Well as It Once Did

than \$300,000 in event fees. He has run eight races and won five. "Ben Johnson filled this hall," said the organizer of the Sindelfingen meet, Herbert Bohr. "I learned something from the Johnson case. You can become well-known through good performance, but with a negative deed, you can become really famous."

At Sindelfingen, Johnson won the 60 meters in 6.58 seconds, a hundredth of a second faster than Ray Stewart of Jamaica, but considerably off Johnson's best of 6.41.

"The first 20 meters was good," Johnson said, "but I just couldn't accelerate like I wanted to."

Bohr said: "He's proving through his performance that he's clean. We have to ask ourselves what we want — a new world record or a clean Johnson."

This week, Johnson heads to Seville, Spain, for the indoor world championships.

"Everybody's running the same time now," he said. "The championship is open. I can go faster in Seville and I'm going to be among the leaders. But I can't say I'll be right at the front."

Why did he run in only one event at Sindelfingen?

"It's not that I can't run two races in one day," he said. "It's just that I'm doing too much PR right now. All my races are just for training for the outdoor season. It's a matter of getting my confidence back."

The German crowd helped with rousing cheers and plenty of requests for autographs. But the media response has been less than completely accepting.

Writing in the newspaper Stuttgarter Zeitung, Michael Mamer greeted Johnson's arrival in town with a sarcastic column calling sports fans out to see "the eighth wonder of track and field, not a two-headed calf, no legless woman, but a sprinter without steroids!"

Johnson is trying to make it through the tour without talking about drugs. At a post-race news conference at Sindelfingen, he stared at a reporter who asked him about the effects of the controversy on his performances. He slumped in his chair and finally said, "No answer."

A German reporter asked for a translation of the question, and again Johnson growled, "No answer."

Johnson's manager, Kemeel Azan, interrupted: "I don't want to be rough,

but we just can't deal with the negatives at all."

"The whole doping thing is behind Ben," he added. "He's moving on with his life and this is behind him. Wherever we go — Budapest, Holland, Germany — people love him. Our nation has forgiven him and a lot of youngsters have, too."

One important group has not yet forgiven Johnson — the commercial sponsors. The sprinter who once promoted gasoline in Japan, cheese in Finland and chocolate milk in the United States did his bit for his sponsor Sunday, tentatively putting on and taking off numerous pieces of clothing emblazoned with the corporate logo while a crowd watched.

But he has only the single sponsor, and the money is not pouring in. "No two ways about it," Azan said, "we need some sponsors. Ben has had to pay a lot of his own expenses on this trip. Our doors are not exactly being knocked down."

Azan remains optimistic. "Ben Johnson is upholding the Olympic creed, which is to try," he said. "Ben Johnson is trying. We are just grateful that he has the strength within himself to come out here. And people see this and totally accept him, because they know what it takes for him to do this."



After the fall: a Johnson promotion poster ended up in the trash can at a Tokyo gasoline station.

Hearts on Their Sleeves

By George Vecsey
New York Times Service

NEW YORK — Athletes might as well discard those traditional numbers on their uniforms. Why go around wearing No. 1 or No. 44 when they are judged, and judge themselves, on the basis of how much they earn?

Let Roger Clemens wear "TSM" on his back, his annual salary as of this edition. Let Wayne Gretzky wear "\$3.3M." Let Magic Johnson wear "\$2.5M" with an asterisk denoting that he actually deferred some of it so his team could stay within the salary cap. (Of course, what with re-negotiations and sudden signings during the season, all numbers should be stuck on with adhesive rather than be sewn.)

Ever since salaries became public knowledge in the past decade, players have had to take a lot of criticism from the fans, who judged the players on how many dollars they earn per inning.

The salaries obviously affect the self-image of players like Barry Bonds, that poor underpaid wretch who is making only \$2.3 million this season. Having been rebuffed in an arbitration hearing, Bonds showed his value to the Pittsburgh Pirates by taking out his anger on a couple of photographers, then on Bill Virdon, the coach emeritus, before getting into a shouting match with Jim Leyland, his manager. Bonds' behavior was even more self-centered than usual, but his emotions were only human.

"It's almost impossible not to let it affect you," admitted Tom Seaver, who was caught up in a financial dispute with M. Donald Grant of the New York Mets in 1977. "I didn't like working for the guy. You want to know you are respected for what you do. You give an honest day's work, you expect it to be reciprocated."

Abruptly, Grant unloaded the future Hall-of-Fame pitcher to Cincinnati, a conservative team in a limited financial market. There Seaver found himself being paid well below the Benches and the Morgans, perhaps even the Driessens and the Geronimos. To his credit, he never whined.

"I signed a five-year contract," Seaver said Tuesday. "It was a different franchise, different people. There are some teams, and Pittsburgh may be one of them, that cannot pay any more."

The Pirates, in another moderate market, are faced with signing some of their stars, or losing them next year. Not yet a free agent, Bonds had sought arbitration.

"The thing about arbitration is that it puts the employer and the employee in the hands of a third party," Seaver said. "There's no saying you can't handle it yourself."

There are also times when you make an extra effort to pay a player who is important to his team. According to the way Bonds played last year, he would be one of them.

PLAYERS used to silently carry the shame of their salaries. Back in the bad old days around 1960, Tony Kubek disclosed his modest salary and was scolded by management and some of his teammates. Conquer and divide, an age-old management ploy.

Since free agency arrived in the mid-70s, salaries are highly visible, even part of the public record. That knowledge has enabled players to ask for the going rate, or maybe a little bit more.

Sometimes this makes for lively competition. Eighty-two nights a year, somebody in the National Basketball Association sees Jon Koncak of the Atlanta Hawks (annual salary: \$2.2 million, for six years, no less), and takes special delight in jumping two feet above Koncak and shouting downward, "In your face!"

Competing for high salaries is the same drive that took athletes from the schoolyard and frozen ponds to the clean, well-lighted places where they are actually paid to perform. Bad ballplayers are paid \$2 million, so it stands to reason the stars want more. Clemens signed for \$15 million over three years, and now Dwight Gooden, the Clemens of Flushing Meadows, is seeking a contract in that range and the Mets' front office, which more or less forced Darryl Strawberry to take the money and go home to Los Angeles, is playing the same game of chicken with Gooden.

Gooden is mature enough to pitch his best this season without always worrying which one of the 26 teams will be paying his price next year. But, a less mature athlete like Bonds could not help thinking about the \$950,000 he lost at arbitration, or his shameful current salary that seems to glow on the back of his uniform, for all the world to see and mock.

WLAFF, Despite Recession and War, Is Still Cackling

By Gerald Eskenazi
New York Times Service

NEW YORK — It could not have been a worse time to start a new football league — during a recession and a war — Mike Lynn said.

But then, at a luncheon held by the league and a chief benefactor, ABC Sports, the president of the World League of American Football sounded more optimistic Tuesday. "From what could be the worst possible way to start this league it could turn into the best way."

Dennis Swanson, the head of ABC Sports, predicted a profit for the network because of its investment in the league: about \$24 million for two years of Sunday afternoons in the spring.

The league also has a four-year \$24 million deal with the cable network USA. Still, league officials decline to don the rose-colored glasses that were worn by the people who began the U.S. Football League in the 1980s.

Costs ran them out of business when they decided to go big-time and compete with the National Football League. But because the WLAFF has been funded by the NFL, dreams of glory will be strictly limited. "What the unknowns are is what the attendance is going to be and what the ratings are going to be," Lynn said.

There is also the overseas unknown for this 10-team league, which has three European clubs.

The European sports fan's reluctance to buy season seats, combined with the diminishing number of U.S. troops in Germany because of the Gulf war, is having

an impact on the Frankfurt Galaxy, the German entrant.

The Galaxy, surrounded by the largest concentration of U.S. troops in Europe, has sold only 450 season tickets. And the Galaxy helps kick off the new league by hosting the London Monarchs on March 23. The other European club is in Barcelona.

But the Galaxy has been affected by the war in a roundabout way. More than 70,000 of the 250,000 U.S. forces in Germany were sent to the Gulf.

Furthermore, a Pentagon spokesman said, the number of troops in Europe will be cut this year by about 40,000 because of the lessening of East-West tensions, with most of them coming from Germany.

"Ticket sales in Europe just aren't that popular," said the Galaxy's Geschäftsführer, as Oliver Luck, the team's general manager, is known.

The 30-year-old Luck is more familiarly known to Americans as the former quarterback of the Houston Oilers. After his playing days, he earned a law degree at the University of Texas and practiced in Germany.

"We play in a 60,000-seat soccer stadium," he said from Frankfurt, "but that includes standing room for 30,000."

Still, Luck, sounding as optimistic as if he were trying to lead a team on a 90-yard march with a minute to play, said the Galaxy began an advertising campaign this week designed to soften the image that the soccer-playing Germans have about U.S. football: that it's violent.

"They call the football an egg," Luck said. "So we have a poster that shows a brown egg and reads, '22 Tough Guys and One Egg.'"

He has not been able to get his team on what he described as the "two big TV monopolies in Germany."

Instead, its 10 games, home and away, will be televised on a Frankfurt cable station.

Ticket prices at the stadium, just outside Frankfurt, start at the equivalent of \$7 for standing room and go to about \$28. But, Luck conceded, "I don't know how many people will want to stand for three hours. It's a heck of a physical challenge."

Because so many U.S. troops left Germany for the Gulf, Luck has revised his original estimates on crowds. "Before the war we were counting on 10,000 to 15,000 military personnel," he said. He continues to look for about 5,000 "hard-core German fans."

Luck said the phone was "ringing off the hook," but when I ask about season tickets they only want to talk about one game at a time. The problem is a lot of the soldiers don't know if they're going to be reassigned to the Gulf."

He appreciates the irony of his situation, recalling how he explained to the soccer field's groundskeepers where the football goalposts should be erected. The problem: parts of an underground heating system were in that spot. "Can't you move the goalposts six or seven yards the other way?" the groundskeeper asked.

The 8,000 season tickets sold by the Sacramento, California, team are the most so far. Birmingham, Alabama, is next with 6,500. The New York/New Jersey Knights, which began advertising last week, say they have sold 4,200 season tickets.

Viola Won't Need Surgery, But Howell May Miss Month

Compiled by Our Staff From Dispatches

Frank Viola may never need surgery on the elbow of his pitching arm, the New York Mets have reported from Port St. Lucie, Florida.

But pitcher Ken Howell of the Philadelphia Phillies appears to have a bone spur in his pitching shoulder and may miss four to six weeks if X-rays confirm the preliminary diagnosis.

Viola, who was examined Tuesday by a specialist for a second opinion on the problems created by bone spurs in his left elbow, said he now had no reservations about going ahead with the season without surgery to remove the spurs.

Craig Fenech, Viola's agent, said that Richard Caspari, the doctor who examined Viola on Monday, was emphatic in his diagnosis that surgery was not immediately required and was by no means an inevitability in the future.

Pitcher Jack Armstrong and catcher Joe Oliver of the Cincinnati Reds and Texas pitchers Kevin Brown and Kenny Rogers left their spring training camps to demand more money. All four have had their contracts renewed at salaries of their team's choosing.

But Wednesday was the mandatory reporting date, when players can be fined for not being in camp.

In Scottsdale, Arizona, Rickey Henderson, unhappy with his \$3 million-a-year contract, missed the seventh day of the Oakland Athletics' full-squad workouts.

BOOKS

SLEEPWALKING THROUGH HISTORY: America in the Reagan Years

By Haynes Johnson. 524 pages. \$24.95. W. W. Norton & Co., 500 Fifth Avenue, New York, N. Y. 10110.

Reviewed by John Kenneth Galbraith

FOR some decades I have been a serious student of the extracurricular writings, or, as some might prefer, the literary moonlighting, of the Washington press corps. There is the inside story — the message to the outside and, regrettably, uninformed as to what really goes on in Washington. There is also the recapture of the great political episode of scandal: Watergate and Iran-contra coming most powerfully to mind and, at a yet lower level, the ghostwritten account of gravely deviant behavior within the federal executive, most commonly the White House.

On occasion, out of this morass comes something different and good, and a prime example is this substantial volume by Haynes Johnson of The Washington Post. It is a full-scale history, no less, of the last 10 years — those presided over, as he would put it, by Ronald Reagan, with the continuing influence and effect on the last two years of George Bush.

The ground Johnson seeks to cover is impressive. He goes back to consider the

early life of Ronald Reagan and the brilliant foresight and initiative that caused him to leave Los Angeles and move to plan, arrange and support his tenure, in Sacramento and then in Washington.

He then goes on to the Reagan years in Washington and throughout the Republican-supply-side economics — the cover story for getting down those taxes — as well as the decline in the old manufacturing industries; the eventual sad experience of the Sunbelt and Silicon Valley; the loss of competitive power elsewhere; Ronald Reagan's instinctive mastery of television and the resulting separation of the script from the reality or, more precisely, the script made into the reality. The author's intent was to see and describe just as much as possible of what happened during this decade and, in impressive measure, he succeeds.

He draws on his first-hand observation and reporting, on taped interviews with the principal players and, with generous acknowledgment, on the books and other writing of the time.

Johnson is no dry, detached observer, content to tell what happened without passing judgment. On the contrary, there is judgment on almost every page and certainly in every chapter. And, with the rarest of exceptions, he does not like that of which he tells. He sees a country, or anyhow a majority electorate, encouraged to shortsighted and even obscene self-indulgence. This, in turn, is held to have economic, social and political merit because it is so nice. The consequence

has been the clear sacrifice of our world position and esteem. And, in the end, as the rich get richer, the poor get both poorer and more numerous and the central cities decline into lawlessness and decay with the eventual and maybe early sacrifice of social tranquility as well as more general well-being.

Johnson, some economists will aver, is not strong on the economic groundwork; on the way deficits countered by high real-interest rates have won the hearts of those with money to lend, and how this has held plant improvement and housing investment in check; and how the mergers-and-acquisitions and leveraged-buyout mania, by loading corporations with debt, have had the same effect. But, in the author's defense, it must be said he senses well what he does not actually say. A final question remains: Who is to blame for the scandals, the speculative binge and its aftermath, the growing inequality, the competitive decline?

In a curiously detached mood toward the end of his book, Johnson spreads the responsibility around. Here I must take strong issue with the author. Alas, he is evading his own case and, indeed, his own conclusion: The full thrust of the book is that Ronald Reagan, his attitudes and his acolytes were responsible. This is a case that Johnson makes over and over again, and this is as it should be.

John Kenneth Galbraith, Paul M. Warburg Professor of Economics Emeritus at Harvard University, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

ON the diagrammed deal in the Betty Kaplan Teams competition, in which players must rotate partnerships, Edgar Kaplan and Dorothy Truscott of Manhattan, as North and South, climbed to four hearts. When the spade king was led and the dummy appeared, South did not fancy her chances: East was sure to be in a position to overruff in spades. West shifted to the diamond nine at the second trick, and South won with the ace. The club queen was led and covered by the king and ace. South cashed the ace-king of hearts, crossed to the club jack and led the spade seven. She hoped that West would fail to cover, but the right appeared and dummy ruffed.

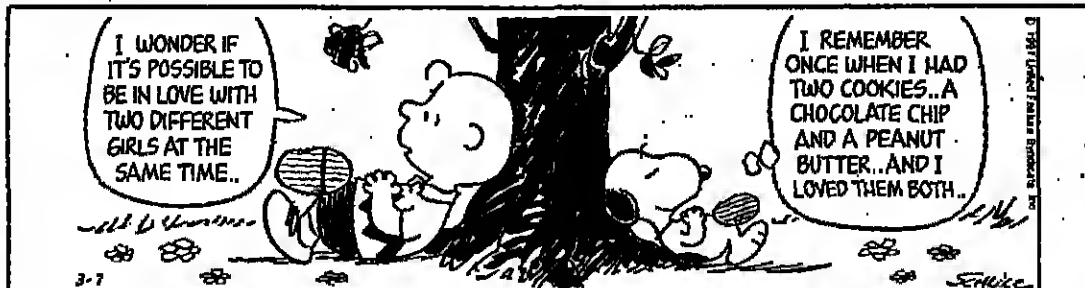
When East was unable to overruff, South's chances improved dramatically. She found the right way to reenter the closed hand by ruffing a club, drew the missing trump and reached this ending:

South led the spade nine — any spade would have served the purpose — and had to score her 10th trick with the spade queen. The same contract failed by two tricks in the replay.

NORTH			
♠	AKQ74	♥	—
♦	—	♣	—
SOUTH			
♠	—	♥	AKJ10
♦	—	♣	—
WEST			
♠	AJ52	♥	—
♦	—	♣	—
EAST			
♠	—	♥	QKJ10
♦	—	♣	—
SOUTH (O)			
♠	—	♥	—
♦	—	♣	—
WEST			
♠	AJ52	♥	—
♦	—	♣	—
EAST			
♠	—	♥	QKJ10
♦	—	♣	—

West led the spade king.

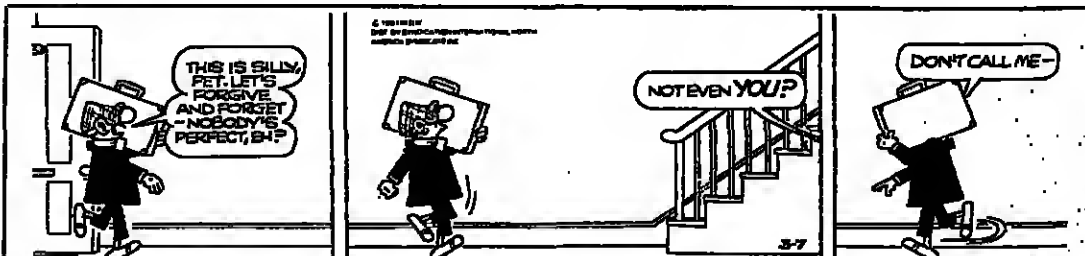
PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



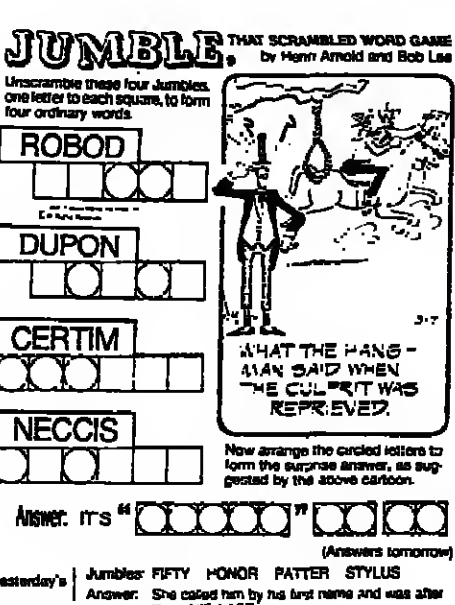
REX MORGAN



GARFIELD



DENNIS THE MENACE



BLONDIE



New Basketball Formed With Estonia, Italy

Green Bay Earns First NCAA Berth

COLLEGE BASKETBALL

GREEN BAY, Wis. — The Green Bay Packers have earned their first berth in the National Football League playoffs, defeating the Minnesota Vikings 27-10 in the NFC Wild Card game on Sunday.

The Packers, who finished the regular season with a 10-6 record, were the only team in the NFC to win more than one game in the divisional round. They will face the San Francisco 49ers in the NFC Championship game on Sunday.

The Packers' victory was a significant achievement for the team, which has not made the playoffs since 1975. Head coach Mike Tannenbaum praised the team's performance, saying, "This is a great day for the Packers. We've worked hard all season and we've earned this." The Packers will be looking to win their first Super Bowl since 1957.

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